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## NEWS SUMMARY

### Crisis aid offer by Government

The Prime Minister and key ministers yesterday decided that local authorities could cope with the effects of flooding and snow without central government setting up emergency machinery to co-ordinate relief work.

The Territorials will join regular servicemen in Operation Snowman - a massive snow-clearing campaign. The Defence Ministry, estimated to be 2,000 men, will be employed.

### Reagan bars sale of jets to Taiwan

President Ronald Reagan rejected Taiwan's request for advanced U.S. fighter aircraft in a move likely to enrage his right-wing supporters.

### Dollar advances; Gilts ease

DOLLAR rose to DM 2.283 (DM 2.258), SwFr 1.555 (SwFr 1.526) and Y223.25 (Y221.35), reflecting a firmer trend in Eurodollar rates.

### Truce survives

Labour's truce survived a meeting of the party's organisation committee when left and right agreed not to force divisive issues to a head.

### Police for trial

Two Liverpool policemen were committed for trial on charges of killing a man during the Toxteth riots. The two officers were granted bail.

### Price rises ease

Wholesale prices increased in December by the smallest amount since the summer, but the year-on-year rise is still firmly in double figures.

### Showjumper fined

International showjumper Harvey Smith was fined £75 by Harrogate magistrates for assaulting a man who insulted the Royal Family.

### Censorship eased

Pakistan President Mohiuddin Zia Ul Haq partially lifted press censorship but made clear a ban on political reporting would continue.

### Army guns theft

Tory MP Eldon Griffiths called for a full inquiry into the theft of guns valued at £2,000 from an army barracks near Cambridge.

### Minister survives

Malaysia's Foreign Minister was rescued from dense jungle after surviving a plane crash which killed the other two men on board.

### Invaders routed

Haitian Government said it had routed the vanguard of a 37-man invasion force of exiles led by a Florida filing station operator.

### Offer rejected

Israeli settlers who will have to evacuate the Sinai when it is returned to Egypt in April rejected the latest \$157m compensation offer.

### Athens smog plan

Athens industrial production is to be cut by a third in a drive to alternate days in an effort to disperse a pollution cloud.

### Briefly

Philippines was shaken by a strong earthquake. Italian ex-convicts demanding £3.28m. up from £2.57m for the previous 52 weeks.

### Chief price changes yesterday

(Prices in pence unless otherwise indicated)

### 7-day interest rates

Interbank 15.5%  
Eurodollar 14.5%

## Nato allies join U.S. in condemning repression in Poland

By John Wyles in Brussels

EUROPEAN members of Nato yesterday rallied round the U.S. with a toughly-worded denunciation of repression in Poland and a warning that the Polish and Soviet Governments might face political and economic reprisals.

They also undertook to "reflect" on longer-term East-West economic relations "particularly energy, agricultural commodities and other goods, and the export of technology."

Attacking "the massive violation of human rights and suppression of fundamental civil liberties in Poland," Nato Foreign Ministers meeting in Brussels, also condemned Moscow. "The Soviet Union has no right to determine the political and social development of Poland," they said.

Although there is no clear timetable for imposition of these measures, it was agreed that each member of Nato would act "in accordance with its own situation and legislation" to identify "appropriate national possibilities for action."

## ICL and Muirhead set to acquire parts of Nexos

By Guy de Jonquieres

ICL, BRITAIN'S leading computer manufacturer, and the Muirhead facsimile group are set to take over much of the remaining business of Nexos, the loss-making office automation company in which the National Enterprise Board has invested £30m.

Systems. But it never succeeded in establishing itself and has lost more than £15m. It employs a staff of about 250.

ICL will both market the Nexos word processor and will collaborate in the development of future versions, which ICL will have the right to manufacture. It is expected that production will rise significantly from its recent annual rate of about 1,000 units.

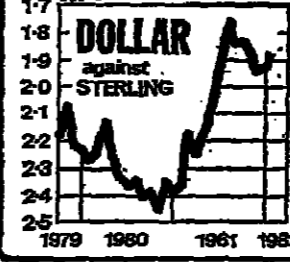
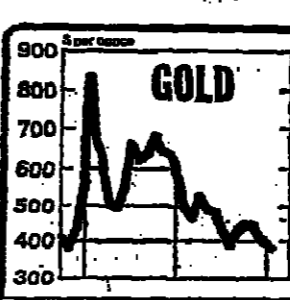
## Call to suspend ACC shares

By John Moore

LORD GRADE and his fellow directors of Associated Communications Corporation, the telecommunications conglomerate, asked for the group's shares to be suspended on the London stockmarket yesterday morning.

27.6 per cent of the voting shares of Associated, and another member of the Grade family, Mr Paul Grade, holds a stake of about 17 per cent.

annuation Fund, which holds 2.5 per cent of Associated's non-voting shares (supported by the National Association of Pension Funds, and 19 other institutional shareholders, with 14 funds invested in Associated, is seeking an injunction to block the payment.



### Gold falls to \$389

By David Marsh

THE LONDON gold price fell yesterday to \$389 an ounce, the lowest for more than two years, as higher U.S. interest rates sparked off a fresh surge of investment funds into dollar deposits.

## All-out strike vote by militant rail branches

By Philip Bassett, Labour Staff

TRAIN-DRIVERS union leaders are being pressed by local branches to launch an all-out strike from midnight on Saturday, to follow the two-day stoppage due from tonight.

two-day strike. The branch pressure seemed likely to make itself felt.

The Associated Society of Locomotive Engineers and Firemen, which has called tonight's action, yesterday had talks with British Rail, but the talks broke down and there seemed little hope that the action would be called off.

Branch militancy was reflected in a decision by Kings Cross guards yesterday. The guards are members of the National Union of Railwaymen and are not directly affected by the present pay and productivity dispute between British Rail and its drivers.

There will be no trains after about 10 pm tonight and services will not resume until Friday morning if the action goes ahead. BR said yesterday. Though the strike is not due to begin until midnight, drivers will finish work at the end of their shifts.

Aslef insisted that it was not prepared to negotiate on BR's decision to withhold payment of the 3 per cent second stage of this year's two-part 11 per cent pay deal.

## Tate & Lyle gives site to Government

By Paul Hannon

TATE & LYLE has given its Liverpool cane sugar refinery, closed in April with the loss of 1,570 jobs, to the Government. Together with a cash sum to help the 21-acre site suitable for redevelopment, the gift is worth about £1m.

built with modern warehousing, office space and possibly residential units. Details have yet to be settled by English Industrial Estates, the government agency for the development of industrial sites in assisted areas.

Losses at the Liverpool refinery during its last year of operation amounted to £10m against the company's total pre-tax profit in 1980 of £32.5m.

£ in New York Jan. 8 previous

Spot \$1.9025 9055 \$ 1.9195 9210  
1 month 0.54-0.29 cts 0.33-0.29 cts  
3 months 0.75-0.29 cts 0.75-0.70 cts  
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EUROPEAN NEWS

Giles Merritt asks whether there will be an explosion in a key EEC market

U.S. chokes off Europe's steel safety valve

THE SAFETY valve which the U.S. market provides for Europe's steel makers has been given a savage twist towards the "off" position by the American producers' sudden spate of anti-dumping suits. So the question now is whether, or even when, there will be an explosion in the EEC steel market.

The odds on a collapse back into chaos and a damaging European steel price war are not encouraging. If the U.S. law suits have their predicted effect of choking off steel exports across the Atlantic, then several million tonnes of unwanted steel could soon be destabilising the delicate balance achieved over the past 15 months in the EEC's hard-hit steel sector.

The precedents for such a breakdown of the European Commission's present regime of prices and production controls are daunting. The latest U.S. protectionist moves — through legal actions before the International Trade Commission in Washington — came just two years after the last onset of American anti-dumping suits. The backwash of that was a drop in EEC steel exports to the U.S. from 7.4m tonnes in 1979 to 3.9m tonnes in 1980. The price for European governments was emergency bail-outs for many of their steel giants, as cut-throat price competition inside the EEC led to mounting losses for the steel makers.

The present rescue plan, combining voluntary and mandatory disciplines, was born out of that crisis, after several autumn months when it seemed that Europe's steel industry was bent on the most brutal form

If the U.S. lawsuits hold back steel exports across the Atlantic, the several million tonnes of unwanted steel could soon be destabilising the delicate balance achieved over the past 15 months in the EEC's hard-hit steel sector.

of "restructuring" through market forces.

Using the "manifest crisis" powers that had, until October 1980 been only the theoretical backdrop of Article 58 of the European Coal and Steel Community's Treaty of Paris, Brussels took on the role of steel overlord to operate a system which meshes imposed quarterly production quotas for some 450 different steelmakers with agreed rises in EEC steel prices.

The European Community's use of mandatory controls has helped to calm the volatile steel industry. But, like a new law which has to be acceptable to the citizenry if it is to be enforceable, the quotas and their

linked prices are only workable for as long as the EEC steel industry tolerates them.

So far, apart from a few breaches which were countered by fines and occasional legal challenges, the system has been

widely respected. During the second half of 1981, ordinary steel prices rose by around 25 per cent, and those of some special steels by 40 per cent. At the end of the first year of the crisis regime, EEC steel output had dropped by almost 5 per cent. Less steel was commanding firmer prices, and the steelmakers and their governments could agree that in principle subsidies to the industry should halt in 1983.

But the régime has yet to withstand the strains which a sharp reduction in exports to the U.S. will produce. A fundamental worry is that, although the disciplines have yielded calmer conditions in the EEC market, they have not tackled

the roots of the industry's problems.

The Brussels Commission's attempts to force plant closures and so reduce overcapacity have met with little success. Output of crude steel, now running at about 10.4m tonnes a month in the EEC, is at less than 60 per cent of installed capacity. Brussels' aim is to raise that to 85 per cent, but on its latest projections the 1980 capacity total of 202m tonnes a year will drop only 5m tonnes by 1984.

Some figures suggest that restructuring is going ahead, such as the 66,000 reduction in the EEC steel workforce in the year since August 1980 to the 564,000, but the seeds of renewed market chaos remain.

It is already clear that Viscount Etienne Davignon, the EEC Industry Commissioner, does not view the current U.S. anti-dumping onslaught with the same apparent equanimity as two years ago.

At that time, he saw "no reason to panic," while anticipating that the then voluntary system of prices and delivery disciplines would need to be more closely monitored to avoid any possibility of a price war.

Now, he envisages a programme of emergency support measures which would at least shelter the EEC steelmakers from the worst effects of the U.S. actions and so shore up the steel régime.

With any luck, time is at

least on the European Commission's side. Viscount Davignon pointed out yesterday that continued weak domestic demand for steel in the U.S. meant that EEC steel producers had not been counting on sustaining a high level of exports there in 1982.

Although EEC steel exports had in the later months of last year risen to an annualised level of 6m tonnes, expectations of a slowdown, coupled with projections of a significant improvement in European steel demand, could reduce the safety valve importance of the U.S. market, at any rate, said Viscount Davignon, until the second half of 1982.

EEC Industry Ministers will have their first opportunity to hear the Commission's assessment of the new situation when they meet in Brussels tomorrow.

Viscount Davignon will no doubt reassure them that no split-second decisions on a new subsidies safety net are needed, but will probably also warn them that the position is nevertheless grave.

But in spite of the price rises, the latest of which this month boosts prices by a further 12.5 per cent, steelmakers are increasingly being squeezed by costs. Some special steel producers are claiming that the loss-making gap between their costs and selling prices is now 10 per cent.

Socialists assail Balsemao

By Diana Smith in Lisbon

THE PORTUGUESE Socialist Party has opened a campaign against the centre-right coalition Government headed by Sr Francisco Pinto Balsemao.

Sr Balsemao's weak and unpopular administration, widely blamed for the country's economic straits, is also the target of a barrage of strikes declared by pro-Communists unions with the aim of forcing a snap general election.

Although there are important local elections at the end of this year, a general election is not due constitutionally until 1984, the year Portugal hopes to join the European Community.

The Socialists' declaration of total opposition, backed by mass rallies and other political acts, coincides with the final stages of the review by a parliamentary committee of the Socialist-leaning 1976 constitution.

All parties have been working on the review behind the scenes apparently without undue friction.

While opposition parties herald the imminent collapse of the Balsemao coalition, the Prime Minister himself is planning a marathon tour of all EEC capitals from the end of January to press for accelerated negotiations on entry.

Swedish coalition fails to curb budget deficit

BY WILLIAM DUFFLORCE, NORDIC EDITOR, IN STOCKHOLM

THE SWEDISH Government will not keep its promise to cut its heavy budget deficit this year. The Budget Bill for the 1982-83 fiscal year starting July 1, tabled yesterday by the minority Centre-Liberal coalition, shows a deficit of SKr 52.6bn (\$7.8bn) on total expenditure of SKr 342.4bn.

The deficit remains unchanged at just over 13 per cent of gross national product. The Government's avowed target was to reduce the deficit annually by 1 per cent of GNP.

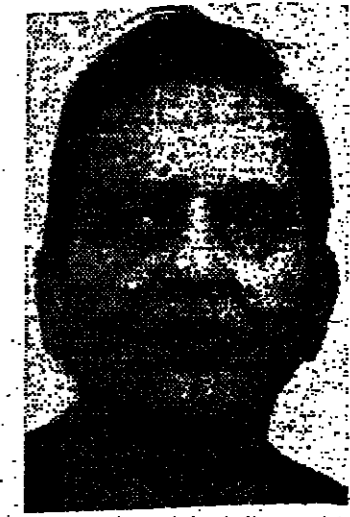
The fastest expanding item in the budget is the interest payable on the state debt which is calculated to leap from SKr 26.3bn to SKr 38.4bn in 1982-83. Overall expenditure will rise by just over 1 per cent which represents a slower rate of growth.

When the krona was devalued in September, the Government cut its projected budget expenditure by SKr 12bn in 1982-83. The actual cuts shown amount to SKr 9.7bn.

Mr Rolf Wirtén, the Budget Minister, nevertheless insisted yesterday that the budget represented a genuine turning point in public spending trends which would become apparent next year.

The curbs on spending—mainly on local authorities, sickness benefits, unemployment relief, schools and housing grants—would amount to SKr 13.4bn in the 1983 calendar year, he said.

The Government counts on support from the Moderates (Conservatives) to pass the separate legislation needed to implement several of the curbs. Mr Olof Palme, the Social Democrat opposition leader,



Palme... bitter criticism

described the budget as pitiable, criticising harshly some of the cuts in social benefits. The Social Democrats, who expect to return to power after the general election in September, argue that higher taxes will produce no real increase in taxation is inevitable.

The only tax increases in the budget are on petrol and heating oil. The ruling Centre and Liberal parties agree with the Moderates that higher taxes will produce no real increase in budget income.

Government strategy, outlined in the 1982 Finance Plan accompanying the budget Bill, relies on the boost to exports and industrial output expected to result from the September devaluation. The plan foresees a 7 per cent improvement in Swedish industrial competitiveness in 1982, a 7 per cent growth in export volume and the recovery of some 4 per cent of foreign market shares.

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THE RACE FOR PRODUCTIVITY

Labour costs worry W. German employers

BY JONATHAN CARR IN BONN

THE ANNUAL wage negotiations in West Germany's key metal-working sector begin today, with the trade unions under stronger pressure than ever from the employers to settle for an increase well below the rate of inflation.

But how does West Germany compare with its main rivals in terms of industrial labour

Last autumn, with the dollar hovering around DM 2.20, there was little difference between the two.

However, the figures say little about relative competitiveness unless productivity is taken into account too. Column three shows hourly output per worker in each of the 10 countries—that is, the total value added

LABOUR COSTS AND PRODUCTIVITY IN THE MANUFACTURING INDUSTRY OF MAJOR COUNTRIES\*

	Hourly labour costs† in D-Marks	Hourly labour costs‡ as index (W. Germany = 100)	Hourly productivity‡ as index (W. Germany = 100)	Unit labour costs§ as index (W. Germany = 100)
Belgium	25.50	102	89	115
Sweden	25.20	101	87	116
W. Germany	25.00	100	100	100
U.S.	24.50	98	102	96
Netherlands	19.90	80	97	99
Italy	19.90	80	88	118
France	18.40	74	83	89
Japan	16.20	65	78	83
UK	14.20	57	60	114
Spain	12.60	50	47	106

\* Position in Autumn, 1981. † Including social charges and fringe benefits. ‡ Output per man-hour worked in terms of same currency. § Column two divided by column three.

Source: Dresdner Bank

costs and productivity? A recent report by the Dresdner Bank shows that while the West Germans are still high on the "international league table," there is no ground for complacency. Of the nine other countries examined, four of them—Japan, the U.S., France and the Netherlands—have lower unit labour costs than West Germany.

The table shows that in terms of hourly labour costs alone (including social charges and fringe benefits), West Germany is third highest after Belgium, Britain and Spain bring up the rear.

Compared with the position a year ago, the most striking change has been between West Germany and the U.S.

In autumn, 1980, hourly labour costs in West Germany were estimated at DM 23.40 and those in the U.S. at DM 18.20—the then dollar-Deutsche mark exchange rate of DM 1.82.

As with the hourly labour costs, the bank has taken the different countries' data, converted it to a common currency (the Deutsche Mark) and expressed it as an index (with West Germany equalling 100). By this measurement the U.S. emerges as productivity king, with the West Germans close behind.

Finally, column four gives what the bank calls "the acid test, from a labour point of view," of a country's competitiveness in international trade, regardless of currency movements.

It shows hourly labour costs divided by hourly productivity to produce an index of unit labour costs—where, as noted, the West Germans come sixth.

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# Christopher Bobinski reports from Warsaw on the mood of deep pessimism pervading Poland Poles look fearfully towards neo-Stalinist future

AFTER FOUR weeks of martial law everyday life in Poland is slowly resuming as the military authorities reopen the city telephone lines and start to lift their draconian restrictions. But the pall which fell over Poland on December 13 has not lifted and most Poles look forward bitterly to a neo-Stalinist dark age.

Intellectuals are openly pessimistic about the future. Journalists who are being subjected to the most thorough of returns to the liberal Press of the post-1980 August period. Workers deprived of their rights with the Solidarity union suspended and its leaders interned, are silent and mistrustful.

The arrests and trials of the leaders of the strikes against martial law last month, the sackings and pressure to make loyalty declarations in industry have all led to deep resentment. The restrictions on workers' freedoms imposed by the militarisation of key industries and the consequent humiliation can only lead to another outburst of anger at some time in the future.

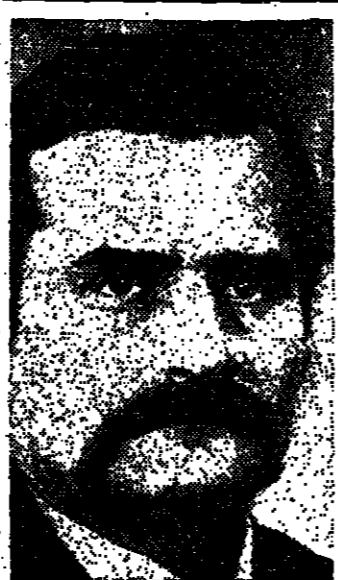
Farmers are also wary of the

threat of compulsory deliveries of farm produce to the state and are waiting to see what the new regime will bring. Meanwhile, sales to the state have not increased enough to make any difference to the sparsely-supplied shops.

If, as the authorities insist, the imposition of martial law was essential to counter a threat to the system on the part of Solidarity, the move by itself has resolved none of the economic and political problems Poland has faced since December 1970.

In many ways the problems have become even more intractable since December 13 as the risk now is of a vicious circle with repression breeding further repression and discontent. The longer martial law lasts, the more difficult it may become to return to civil rule and civil rights without an outburst of anger at the injustices and pain of the military clampdown.

What is more, the military crackdown and consequent bitter divisions within the Communist party itself has given a dominant role to the most reactionary sections of the establishment. The real risk now



Poland's military authorities have hinted that they may start excluding Mr Lech Walesa (left), Solidarity's leader, from their plans for a more amenable union movement, according to well-informed officials quoted by Reuter in Warsaw. This conflicts with earlier reports that the military had hoped to persuade Mr Walesa to resume his Solidarity leadership once the movement had been trimmed of radicals and those considered "anti-Communist."

On January 8, a close adviser to Gen Jaruzelski, said on Danish television that "Walesa would soon return to political life as a trade union leader — I emphasise, as a trade union leader."

is that the execution of martial law will slip increasingly from the grasp of the army and into the hands of the police.

The lack of political solutions to the crisis furthermore is expected to lead to both open and clandestine resistance which will, in turn, only strengthen the naturally repressive reflex of the Communist system.

Young people, both students and workers, already talk freely, perhaps too freely, of conspiracy and underground resistance. But such movements are wide open

to infiltration.

The break-up of such infiltrated underground movements will provide additional ammunition for conservatives seeking to maintain controls as long as possible. Many, perhaps most Poles, feel that what the country now faces is a slide into a form of neo-Stalinism.

The Roman Catholic Church, meanwhile, seems prepared to give General Wojciech Jaruzelski the benefit of the doubt. The meeting on Saturday between Archbishop Jozef Glemp and the General shows that the Church has decided to give the military authorities time.

In an important sermon last week in Warsaw's St John's Cathedral, the Archbishop exhorted Catholics from answering violence with violence. This was aimed at helping to create an atmosphere in which the martial law authorities will be able to lift restrictions. The Church feels this will not happen if the authorities feel threatened.

The Church is also predictably unhappy about the sacking of people deemed disloyal by the authorities, the tone of

official propaganda and, last but not least, the conditions and fate of the thousands of internees still being held. ... But there is a considerable risk that this kind of private diplomacy will lead to a fall in the standing of the Church leadership. It could also find itself being used as a pawn in a game to ensure continued submission to martial law although the prestige of Pope John Paul both inside the country and abroad helps to ensure against this.

The threat of economic sanctions being imposed by Western Europe as well as the U.S. worries the authorities. They are well aware that the economic crisis is so deep that Comecon can do little to help.

On January 20, Gen Jaruzelski will have the opportunity to declare his future intentions in an important speech in Parliament. He is expected to visit Moscow for consultations before hand. What Poles are waiting to see is whether the military intend to try to reach an agreement with Solidarity or force the working class back into some form of the discredited official branch unions.

# Commercial TV networks take shape in Italy

BY RUPERT CORNWELL IN ROME

TWO NEW and powerful nationwide television groupings have emerged from the jungle of Italian private television. They constitute a further step towards Italy's adoption of commercial television networks along North American lines.

The newcomers are backed by two of the country's biggest Press and publishing groups. Network Four, with 23 stations, is 60 per cent controlled by Mondadori, while Italia Uno, with 18 affiliated stations, has been launched by the Rusconi publishing house.

Their arrival represents a still more serious challenge to what remains of the monopoly once held by the RAI state-run broadcasting service. The government has repeatedly failed to come up with its long-promised draft legislation to regulate the development of private television in Italy.

Network Four and Italia Uno will bring the number of such groupings to three. They join the pioneer of networking, the Canale 5 operation run by Sig. Silvio Berlusconi, the Milanese property and Press tycoon. This now has 27 associated stations.

They plan to offer up to eight hours daily of simultaneously transmitted programmes by their various stations, scattered up and down the country, from Friuli Venezia Giulia in the north-east right through to Sicily and Sardinia in the south.

To avoid infringement of a 1981 Constitutional Court ruling which forbade single nationwide transmission in competition with RAI, the various affiliates will each send out identical pre-packed recordings at the same time.

The emphasis, executives of both groupings admit, will be on sport, films and imported television.

These latest developments in the fiercely competitive private television industry are further evidence of its growing importance. At peak hours, the private channels between them can capture up to 40 per cent of the total audience.

The sector in recent years has constituted by far the fastest growing outlet for advertising expenditure. Last year total estimated spending has risen to L190bn (£82m) from only L14bn (£6m) in 1977. This year, on current trends, the private stations could attract more advertising than the three national channels of the RAI combined.

Canale 5, which has invested heavily in the purchase of top sports and film attractions, expects to spend L160bn (£69m) this year. Rusconi's budget totals L60bn (£26m) while Network Four will be spending "at least" L50bn (£21m).

At peak hours, the private channels between them can capture up to 40 per cent of the total audience. The sector in recent years has been by far the fastest growing outlet for advertising expenditure.

The emergence of the network is making life harder for the smaller, purely local, stations whose number at one stage topped 500. Rising costs are forcing them increasingly either to contemplate extinction or join forces with a bigger brother.

The process is generally seen as inevitable—at least in the absence of legislation. But many regret that a major casualty of the trend will be that very "pluralism of information" which was one of the most attractive features of Italian private TV in its early phase.

The suspicion is also strong that the growth of the networks will favour greater involvement by the political parties, especially when general elections may not be far off. As it is, around 60 per cent of Italian private TV stations are reckoned to be owned by interests linked to the Christian Democrat Party.

# Yugoslav party adds voice to European criticism

BY PAUL LENDVAI, RECENTLY IN BELGRADE

LEADERS OF the Yugoslav Communist Party have joined the Italian and Spanish parties in strongly criticising the military coup in Poland. This follows growing protests by intellectuals and younger Communist party members about Yugoslavia's originally low-key response.

The Yugoslav party blames the Polish crisis on Poland's Communist Party for allowing its authority to drain away by its actions following the crises of 1970, 1976 and 1980. This led to a vacuum of power and authority, eventually filled by the army as the only real instrument of power left.

The leadership of the Yugoslav party has come in for increasing criticism by intellectuals and younger members for being both "too lukewarm" and "too late" in stating its views on the Polish events. Even the latest party resolution which was passed by the central committee before Christmas and approved by the party praesidium on January 8, has

not been made public but merely distributed to the 32m members. This contrasts strongly with the sharp and immediate public condemnation which followed the Soviet invasion of Czechoslovakia.

A senior Foreign Ministry official explained that Yugoslav restraint in its official statements reflected the hope that Soviet intervention could be avoided and that General Wojciech Jaruzelski might succeed in stabilising the situation. There is considerable scepticism in Belgrade, however, about the military leadership's ability to reintroduce institutional reforms.

Robert Graham writes from Madrid: Sr Santiago Carrillo, leader of Spain's Communist Party, said yesterday the crackdown in Poland had exposed the bankruptcy of efforts to export the Soviet model of society. Communism as practised in the Soviet Union, he said, could not be considered a model for the working classes as a whole, and even less in Western Europe.

# Severe flooding threatens vital oil pipeline

BY LESLIE COLTITT IN BERLIN

AS POLAND'S military government struggled with the economy and a demoralised population, severe weather dealt further blows to the country.

The most serious flooding in memory hit the Plock district west of Warsaw, endangering the vital pipeline which supplies oil from the Soviet Union to both Poland and East Germany.

Radio Warsaw, monitored in Berlin, said that more than 13,000 people were evacuated and an estimated 17,000 hectares of land were inundated. Livestock was also moved to safety while helicopters

dropped food and fodder into isolated areas. Agriculture is likely to suffer serious losses.

The most ominous threat, however, was to the pipeline bringing Soviet oil into the Plock refinery and taking it on to the East German refinery and petrochemical centre at Schwedt on the Oder river.

Warsaw Radio said that General Florian Siwicki, Poland's deputy Defence Minister, had taken charge of the rescue operation involving

3,000 soldiers, policemen and firemen. He is a member of Poland's ruling military council.

Flooding also threatened the Szczecin district and the Elbing area east of Gdansk.

Warsaw Radio said that Poland's railway network was hit in many regions because of snowfalls and frozen points. Coal transport from Silesia to electric power stations was disrupted.

# Dresdner Bank holds talks in Warsaw

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

DR HANS FRIDERICH, chairman of West Germany's Dresdner Bank, travelled to Poland yesterday for the first face-to-face discussion between the Polish Government and a Western creditor bank since the imposition of martial law on December 14.

Dresdner Bank officials said that the visit would be brief and that it followed an invitation from the Polish side. Other bankers involved with Poland said it could be the first step towards resolving the impasse that has developed over Poland's efforts to re-negotiate its debt to commercial banks.

An agreement to re-schedule some \$2.4bn (£1.3bn) of debt falling due last year was nearing completion when martial law was imposed. Since then

Western banks have been hampered by communications difficulties with Warsaw and concern has grown about overdue interest payments.

News of Dr Friderich's trip surprised some officials of other banks who have been spearheading debt negotiations with Poland in the form of a 19-bank multinational task force. But the outcome of his visit was

being keenly awaited in banking centres.

In the absence of indications from the Polish side, Western banks have been attempting to complete the administrative details of the rescheduling agreement, but pressure has been growing for renewed direct contact with the Polish Government without which little else can be done.

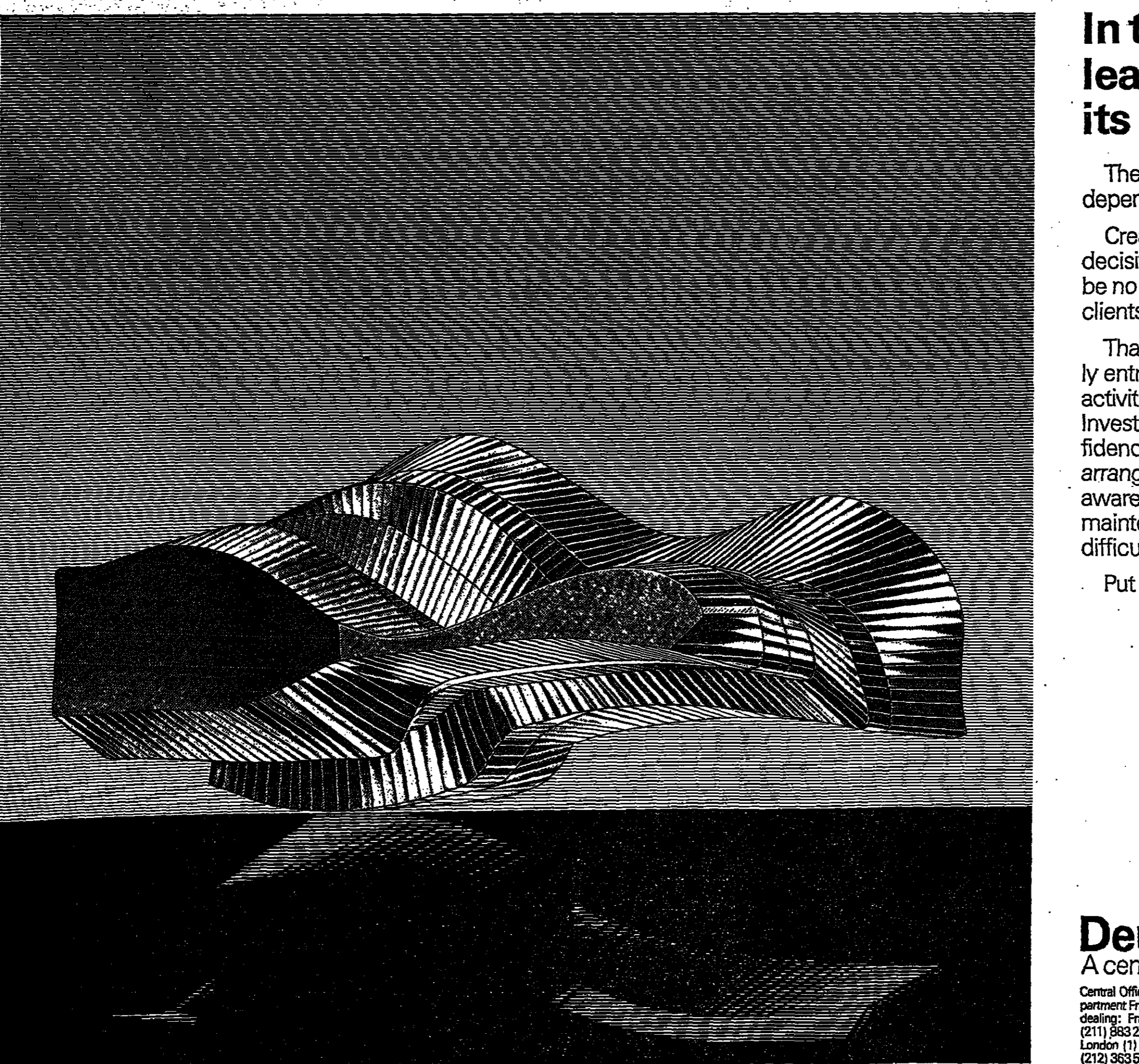
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# Reagan rules out fighter aircraft sale to Taiwan

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan, in a major and controversial foreign policy decision, has given a flat no to Taiwan's request for advanced U.S. fighter aircraft.

The move, which is likely to enrage many of Mr Reagan's Right-wing supporters, will be widely seen as designed to help restore Washington's strained relations with Peking at a time of growing international tension.

Announcing the decision, the State Department said it followed a review over many months in which "many factors" had been taken into account, but denied that events in Poland had anything to do with it. The main consideration was simply Taiwan's defence needs, officials said.

The Department said these needs could be adequately filled for the foreseeable future by the replacement of Taiwan's existing fleet of ageing F-5E, F-100, and F-104 fighters, with "comparable" aircraft.

The joint U.S.-Taiwanese production line making F-5E aircraft in Taiwan would also be

extended beyond its originally planned mid-1983 shutdown date, it said.

No decision, however, had been made to upgrade the F-5E, one of the options that had been under consideration as a means of giving Taiwan a better fighter without it being a totally new model. The question was no longer under review, officials said.

The State Department said it knew of no limits attached to the number of "comparable" aircraft that the Taiwanese could acquire, nor of any new time limit on the run of the F-5E co-production line.

Officials stressed that the decision did not mean any change in the Administration's policy on arms sales to Taiwan. The U.S. had supplied equipment for Taiwan's self defence in the past and would continue to do so, they said.

Critics, however, will regard the decision as a betrayal of Taiwan by a President who was meant to be one of its firmest supporters in order to curry favour in Peking — even



Mr Reagan: flat rejection

though it is far from clear how Peking will react.

The Chinese have been warning in recent weeks that they oppose any American arms sale to Taiwan in whatever form. They have threatened to downgrade relations with Washington if a sale goes ahead.

Mr John Holdridge, the Assistant U.S. Secretary of State for Asian Affairs, went to Peking at the weekend to inform the Chinese authorities of the decision.

The State Department said the Administration was "obviously" looking for good relations with Peking and wanted to discuss international affairs with the Chinese "at an authoritative level."

If the fighter decision contributed to good relations with Peking, that was all to the good, a spokesman said.

# Ma Bell rings the changes

BY PAUL BETTS IN NEW YORK

"TO BRING the benefits of the information age to America, the Bell system had to be restructured." This message from Mr Charles Brown, chairman of American Telephone and Telegraph, the telephone company which owns the vast Bell system, was carried in full-page advertisements in most newspapers in the U.S. yesterday.

It made the case as simply as possible for the decision of AT and T, familiarly known to all Americans as "Ma Bell," last Friday to settle its historic anti-trust dispute with the U.S. Justice Department. The huge telephone company justified the decision to agree to divest itself of its 22 local operating companies, which provide 80 per cent of "POTS" or "plain old telephone services" to Americans, on the grounds that a new era in world communications had dawned.

AT and T could no longer sit back on its time-honoured telephone monopoly watching a new breed of high technology companies, some as large as IBM, threatening to make major inroads in the new, dramatically changing world of international telecommunications, the company said.

But the persuasive message from the chairman of the telephone company was directed as much to the company's 3m shareholders as to the U.S. consumer and the political establishment.

After the initial shock and general amazement caused by the settlement on Friday,

analysts, consumers and politicians all took out their calculators to work out the likely effects. Even before the dust had settled, the agreement, cheerfully welcomed by U.S. business, was in the middle of a political storm.

For the average American, the settlement will spell higher telephone charges. For years AT and T has subsidised its highly capital-intensive local telephone operations with the far more profitable long lines operations, which under the settlement it will retain and which offer long-distance services between states and to other countries.

The presidents of Bell operating companies were quick to point out that telephone rates locally would probably double over the next five years without the subsidies from the parent company. Politicians immediately started to express their concern and reservations over the deal.

Even Senator Bob Packwood, the Republican chairman of the Senate Commerce Committee, said he was very worried about the impact of the settlement on telephone rates.

The settlement still has to be approved by the Federal Court which has been hearing the case, and faces review in Congress, which is now in the process of considering new telecommunications legislation.

The new legislation has been moving along the same lines as the settlement, whereby Ma Bell would be allowed to enter new telecommunications fields which are not regulated in return for

safeguards to prevent the telephone company from taking advantage of its large protected telephone market.

But Congress now faces an even more delicate problem. Competition in industry has always been an emotional issue in the U.S., but the question of local rates has an explosive impact, especially at a time of recession, budget cutting and reductions in federal support to the U.S. welfare state.

As a result, Congress is likely to turn its attention more to the problems the settlement will cause to local telephone rates than the broader issue of telecommunications in coming decades.

Ma Bell and its current fans have strived in the past 48 hours to reassure the general public that divestiture of the local companies will not necessarily mean staggering increases in local telephone charges.

Long distance services have been profitable, but will now be open to more competition. Although the Bell system currently offers nearly 97 per cent of U.S. long distance services, the fact that it will no longer be called on to subsidise local services means that long distance rates will probably decline. In any event, Ma Bell has already warned that local rates were bound to increase.

The controversy also concerns the related issue of telephonic services. Weaker local operating companies, no longer sheltered by Ma Bell's umbrella,

might no longer be able to maintain the standards Americans have grown accustomed to in telephone services. However, the Bell system claims standards should not suffer, since local telephone services will be enhanced by new competition.

It is already clear that the settlement is developing into a political football. The controversy seems bound to delay the intended re-organisation of the Bell system and the divestiture far beyond the 18 months set in the agreement with the Justice Department.

Moreover, Congress is already considering modifications in its proposed changes in telecommunications legislation designed to hold down future increases in phone charges. It is likely to throw a considerable number of spanners in the way of the settlement, which may take as long as six years to effect.

From the standpoint of the White House, the Pentagon and the Commerce Department, the settlement represents an acceptable compromise. The Pentagon has already indicated it is satisfied with the agreement, while the pro-business Reagan Administration regards the settlement as making AT and T a more competitive—if somewhat leaner—concern.

In a sense, the decisions of the last few days represent a big victory for big business in the U.S. That in itself is likely to spice even further the political battle already shaping up in Congress.

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# U.S. 'may soften stance on Salvador'

By Robert Graham in Madrid

THE UNITED STATES may soften its stance on El Salvador and could accept negotiations with the guerrilla forces if promised elections go ahead, according to Sr Felipe Gonzalez, the Spanish Socialist Party leader.

Sr Gonzalez was speaking on his return to Spain from Washington where he met Mr Alexander Haig, the U.S. Secretary of State.

Sr Gonzalez was discussing the situation in Central America in his capacity as vice-president of the Socialist International.

Before visiting the U.S. he undertook a mission in the same capacity to Panama, Nicaragua, Cuba and Mexico. The Socialist International has been particularly active in trying to ensure a better dialogue between Washington and the more radical states in the region, especially Nicaragua and El Salvador.

Sr Gonzalez is understood to be acting as an intermediary to try to make sure that valid elections will be held in El Salvador. He said to reporters on Sunday in Madrid: "Under the military dictatorship, elections in El Salvador would be a farce which all the world could see for themselves."

"A solution to the situation in El Salvador must inevitably be by negotiation between the guerrillas and the present military junta running the country."

From his conversations with Mr Haig, he felt the U.S. did not discount the possibility of negotiating with the guerrillas in the wake of elections. However, this may be an over optimistic interpretation of the U.S. Administration's view.

Seventy governments and public figures from Europe and Latin America have been invited to observe the March elections, according to Sr Fidel Chavez Mena, the Salvadorean Foreign Minister.

No observers have yet been named, though delegations are expected from Colombia and Venezuela. Mexico and Nicaragua, whose relations with the Duarte Administration are strained, have not been invited.

# Pressure to raise taxes

BY ANATOLE KALETSKY IN WASHINGTON

PRESSURE ON President Reagan to increase taxes in the 1983 budget mounted yesterday as Republican congressional leaders went to the White House for consultations on the President's budget statement, due to be delivered to Congress on February 8.

The President, talking to reporters at the weekend, made a point for the first time of not ruling out tax increases. He insisted, however, that he would "do nothing that will interfere with the incentive tax programme that has been adopted to increase productivity."

This suggests that, while his income tax reductions remain sacrosanct, big increases in indirect taxes, most probably on alcohol, tobacco and petrol, may be on the cards. There is talk of doubling some excise taxes which have not been increased for more than 10 years.

Many Republican Congressmen believe that the Administration must produce a credible programme for reducing budget deficits below \$100bn in 1983 and 1984, compared with current unofficial forecasts of 150bn before the mid-term election campaigns get under way. Most politicians here, as well as economists, now believe that this can only be done by raising taxes.

In addition to excise tax increases, other options being canvassed are a windfall profits tax on natural gas companies, combined with faster decontrol of gas prices and changes in the corporate tax laws.

Gas decontrol could increase revenues by about \$30bn under the existing tax regime, as a result of higher profit taxes, and by another \$20bn if a windfall profits tax were introduced.

# Sharp rise in Canadian unemployment

By Victor Mackie in Ottawa

THE NUMBER of unemployed in Canada jumped by 59,000 during December to 987,000, as the economy continued to weaken.

The country's seasonally adjusted unemployment rate of 8.6 per cent during the month—up 0.4 of a percentage point from November—matched the 1978 record.

The latest decline was blamed mainly on lay-offs in manufacturing industry in Quebec and Ontario.

Canadian economists said the real unemployment level far exceeded the official level, because some people who had stopped looking for work were not "officially" considered unemployed.

# KINGSTON'S BID FOR OVERSEAS BUSINESS

## Jamaica claims investment successes

BY CANUTE JAMES IN KINGSTON

THE Jamaican Government is claiming success in its major campaign to attract overseas investors.

The Jamaica National Investments Promotions Ltd (JNIP), the state agency responsible for monitoring and encouraging new investment in the country, says it is reviewing more than 500 investment proposals—mostly from North America and Western Europe—with a potential value of more than \$1bn (£519m).

More than 20 of these have been implemented over the past few months and the agency expects to receive the rest during the next two years.

The Government regards search for new business as an integral element of its programme to provide a stronger base for the economy.

Government ministers and private sector business groups, who have been exploring the possibilities of investments from the U.S., Canada, the UK and West Germany, say there is no lack of interest.

Washington has been actively trying to make Jamaica a show-piece of how private sector initiative can build an economy and the Jamaican Government is hoping for an increase in the pace of new enquiries.

"The infrastructure we offer investors is superior to that offered by many other developing countries," said Mrs Corrine McLart, managing director of the JNIP. Speaking of the possibilities for North American and British investors, she said: "We share a common language and a history of business relations. This gives us an advantage over

several countries in Latin America. We have had enquiries from several firms which are operating in some Latin countries, but which want to relocate here because of our more stable political environment."

The Government has offered potential investors a range of comparatively generous tax incentives including tax holidays. Mr Hugh Shearer, the Foreign Trade Minister, said however, that these incentives can be offered by any country. Jamaica's advantage, he said, was in other areas which created a favourable climate for business.

Jamaica badly needs fresh foreign investment because its economy, like that of many other poor developing countries,

has fallen victim to rising oil prices, international inflation, production shortfalls in its major exports and only marginally increased prices for its products.

Jamaica's unemployment rate is put officially at 26 per cent, and there is a gap of \$750m (£382m) in its foreign exchange budget. These two problems have bedevilled the economy for the past eight years. All the island's business transactions are being floated through just over \$1bn in loans for this year, held together by a three-year loan facility of \$650m from the International Monetary Fund.

The Jamaican Government's high expectations have not been dampened by economic troubles in the countries from which it is seeking investments.

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## Gadafi fuels Ghana coup suspicions

**By Quentin Peel, Africa Editor**

SUSPICION of direct Libyan involvement in the New Year's military coup in Ghana, led by Flight-Lieutenant Jerry Rawlings, has been fuelled by the rapid announcement of the restoration of diplomatic relations between the two countries.

The Ghana News Agency reported the move yesterday following a weekend visit by an official Libyan delegation—the first to arrive since the airport at Accra was reopened.

Messages from Ghana have claimed since the coup that there was direct support from the government of Colonel Muammar Gadhafi, but so far there has been little hard evidence to support them.

There is no doubt about Col Gadhafi's enthusiasm for the coup. In a speech to the People's Congress in Libya, he said that Ft-Lt Rawlings was a friend of ours, and a believer in the third universal theory of the people's authority.

Col Gadhafi added that Ft-Lt Rawlings was a member of the external revolutionary committee. He said that although Libya had been let down in the past by one-time supporters, he believed that was unlikely in Ghana because Rawlings was from the revolutionary forces.

Dr Hilla Limann, the deposed Ghanaian President, had been a particularly vociferous opponent of the Libyan leader, insisting that Ghana would not attend this year's summit of the Organisation of African Unity in Tripoli. He broke off diplomatic relations in November 1980, claiming that Libya was interfering in Ghana's internal affairs.

Given Libya's obvious sympathy for the coup leaders, there is some concern among western diplomats that Nigeria may cut off oil supplies, as it did on the occasion of Rawlings' previous coup in June, 1979. In that case, the diplomats fear, Libya would simply step in with oil supplies, cementing the relationship.

## Haig to seek progress on autonomy

**BY OUR FOREIGN STAFF**

THE U.S. Secretary of State, Mr Alexander Haig, is expected to press for faster progress on Palestinian autonomy negotiations when he arrives in the Middle East today.

He will first hold talks with Egypt's President Hosni Mubarak before going on to Israel, The Egyptian Government, while welcoming Mr Haig's desire to inject fresh life into the almost moribund talks on the future of the occupied West Bank and Gaza Strip, is anxious that nothing should delay Israel's withdrawal from the remainder of Sinai next April.

Officials in Cairo fear that any U.S. attempt to impose a deadline for the autonomy negotiations, or to exert increased pressure on Israel, could prove counter-productive and might even result in Israel refusing to pull out of Sinai.

Instead the Egyptians would prefer the period up to the Israeli withdrawal on April 26 to be used to produce some benefits for the Palestinians living in the West Bank and Gaza.

Egyptian officials believe that through tangible, if small, gains in daily living conditions, the Palestinians might be persuaded that the autonomy negotiations were serving a useful purpose. Eventually this could lead to the Palestinians being drawn into the negotiating process.

The autonomy talks started in May 1979 and should have been completed a year later. But the Egyptians and Israeli positions have remained far apart.

Egypt under both President Sadat and now Mr Mubarak has been keen that this process should be a first step towards what would eventually become a Palestinian state.

Israel, however, wants to be certain that from both administrative and security aspects the West Bank and Gaza Strip ultimately stays under its domination.

The Cairo newspaper Al-Gumhuriya in an editorial yesterday inferred criticism of the U.S. "We expect Mr Haig to stress to the Israeli side what the U.S. Administration had previously declared concerning its keenness on the continuation of the peace process without placing obstacles in its way."

Mr Haig travels to Jerusalem on Thursday where he is expected to take the first steps towards patching up the U.S. quarrel with Israel over its annexation of Syria's Golan Heights.

The U.S. Administration condemned the Israeli move and retailed by agreeing on the newly signed agreement on strategic co-operation. U.S. officials do not expect the agreement to be revived during Mr Haig's visit.

Mr Menachem Begin, Israel's Prime Minister, is likely to press Mr Haig to reaffirm the U.S. commitment to the Camp David peace agreement and to make clear Washington's refusal to become involved with other schemes such as those put forward by Crown Prince Fahd of Saudi Arabia and by the members of the European Economic Community.

## Peace plan retreat by Saudis

**By Our Foreign Staff**

SAUDI ARABIA has further retreated from the implied willingness to recognise Israel contained in the seventh point of Crown Prince Fahd's "peace plan."

A statement issued by a spokesman at the royal palace in Riyadh said that the question of recognising Israel and entering into peace negotiations with it could only be settled as a result of a collective decision.

Saudi Arabia "does not accept any reference suggesting that Palestinians have to negotiate with or recognise Israel because no individual or group can speak for the Palestinians and because these issues of destiny must be decided by the Arab nation," it added.

The seventh point of Crown Prince Fahd's plan asserted that "all states in the region should be able to live in peace."

Questioned about it last week in an interview with the New York Times, Saudi Foreign Minister, said that if Israel returned occupied Arab lands and recognised Palestinian rights, the kingdom would be prepared to "accept it."

On the following day an official statement by the Saudi Foreign Ministry denied that the kingdom was prepared to recognise Israel.

## Censorship eased as Pakistan's advisory council is launched

**BY ALAIN CASS, ASIA EDITOR IN ISLAMABAD**

PAKISTAN'S newly-constituted Federal Advisory Council was inaugurated yesterday by President Zia ul-Haq who said it would lead to civilian rule and "Islamic democracy" in time.

In a surprise move President Zia also announced the phased lifting of Press censorship. As a first step, he said, addressing the 287-member body, press censorship of daily newspapers would be lifted immediately.

The President said the newspapers would be required to exercise self-censorship. They would not be allowed to publish anything prejudicial to Islam, the security of Pakistan, regional unity and the dignity of the armed forces and the judiciary.

Despite its very limited powers — the council has no legislative authority and cannot vote in reaching decisions — this is the first time since the imposition of martial law in 1977 that civilians have been allowed a voice in the running of the country.

Pakistan's major opposition parties, still banned under martial law, have condemned the council as an attempt "to hoodwink the nation and the outside world." The Movement for Restoration of Democracy, a coalition of eight anti-Zia parties, called the council an "act of subversion" and issued a veiled warning to its appointed members.

Amid heavy security President Zia told the council that it could debate Pakistan's ban on political activity and remaining Press censorship and make recommendations.

"The council should also tell us what kind of democracy we should have," President Zia said. "I am not against democracy. I am not against election. But democracy was exploited and ruined in the past 34 years."

The heavy emphasis on Islam reflects the military regime's concern to placate the groundswell of Islamic fundamentalism. President Zia asked the council to recommend how best to achieve Islamic policies such as the total abolition of interest rates, the cutting off of thieves' hands and the complete devotion of radio and television to Islamic teaching.

The establishment of the council is likely to please Pakistan's U.S. allies whose \$3.2bn arms and economic aid package, including the immediate delivery of F-16 aircraft, has raised fears that Washington may be backing a military regime with little popular support.

## Sinai settlers reject compensation offer

**BY DAVID LENNON IN TEL AVIV**

ISRAELI SETTLERS who will have to evacuate the Sinai when it is returned to Egypt in April have angrily rejected the latest Government offer of compensation totalling £137m.

The residents of the town of Yamit said the sums being offered were too small and were being unfairly divided between urban and agricultural settlements. The urban settlers are due to receive between £70,000 and £120,000 per family depending on the size of their homes and businesses. They want more.

But the Cabinet decision last week to increase the compensation by about 20 per cent caused uproar in Israel. The Finance Minister even threatened to resign over the Cabinet's largesse at a time when he was cutting budgets.

Parliament's Finance Committee yesterday began discussing the offer. Mr Shimon Lorencez, the chairman, said all the members regarded the new offer as too high. The committee has the power to block the payment by withholding approval of the Treasury request for additional finance.

Representatives of the Yamit settlers threatened yesterday not to leave the town. They said that they would resist attempts to evacuate them until they had been offered fair compensation.

Mr Simcha Erlich, Deputy Prime Minister, who negotiated the latest offer on behalf of the Government, said it was on a "take it or leave it" basis. "They will not get a penny more."

Even if the row is resolved the Government still faces trouble from hundreds of squatters from the Movement to Stop the Withdrawal who have moved into the Sinai settlements in recent months. They are determined to resist with violence the evacuation of the settlements as they opposed the return of Sinai to Egypt.

### Minister survives Malaysia crash

**MALAYSIA'S Foreign Minister, Tan Sri Ghazali Shafie, whose death in an air crash was feared on Sunday, was reported yesterday to have survived, Wong Sengong writes from Kuala Lumpur.**

The Minister was found by police in a village four miles from the wreckage of the light aircraft in which he had been travelling. His security officer and a flying instructor were killed.

The Minister said yesterday that he had been thrown out of the machine as it hit some trees.

### SENEGAL'S ECONOMIC PROBLEMS

## Critics surprised by former backroom boy

**BY MARK WEBSTER, RECENTLY IN DAKAR**

IT IS hard to mistake President Abdou Diouf, Senegal's head of state, for his lanky 6 ft 6 in frame puts him among the world's tallest leaders. But until last year, when he assumed power from the philosopher Leopold Senghor, who had ruled Senegal since independence 21 years ago, many people believed his height was the only remarkable thing about him.

During a blameless 10 years as Mr Senghor's Prime Minister, Mr Diouf was considered a hard-working and colourless backroom boy, who did not have the stature, metaphorically speaking, to take over as head of state. However, his performance as president has caused many of his critics to change their minds.

He has been blessed with Senegal's first good harvest in three years, but has also revealed himself as an astute politician, a decisive foreign policy maker and a competent economist — although Senegal's economic problems are so acute that progress has not been spectacular.

Senegal's serious economic problems stem from a succession of failed harvests, its dependence on a single crop — groundnuts — and its unwieldy bureaucracy. Mr Diouf also faces a vocal opposition in one of Africa's best educated political elites.

Yet, since taking office, he has corrected some of the mistakes of the highly opinionated Mr Senghor's later years. On the domestic front, he has surprised his political opponents by throwing open the political field to newcomers. Mr Senghor had reluctantly introduced an artificial four-party system in 1978, but Mr Diouf has allowed 11 parties to register, including the National Democratic Assembly (NDA) led by Cheikh Anta Diop, who is potentially the most forceful opposition leader.

Mr Diouf's gamble is that by the 1983 elections he will have cured his position as head of the Socialist Party (PS), which has 84 seats in the 100-seat National Assembly.

The new president has used the fact that he is a devout Islam to entwine links with

the country's powerful Moslem leaders, the Marabouts. Under his Christian predecessor, their relations with the Government were always a little strained. His image as a conservative Moslem leader has also helped him to gain support particularly to build the giant Diama dam, from Arab states such as Saudi Arabia and Kuwait. He has won their support because of his openly hostile attitude towards Libya and his sympathy for the Polisario guerrilla movement in the Western Sahara.

At the same time, Mr Diouf showed how quickly he is prepared to act when Senegalese troops intervened in neighbouring Gambia after an attempted coup last July.

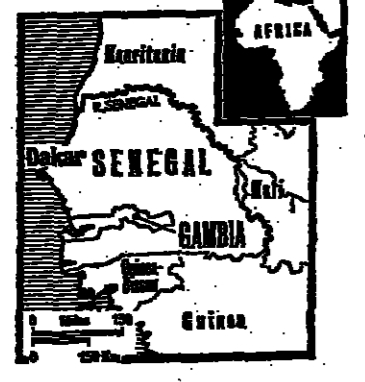
Senegal has exacted a high price for its help. Sir David has agreed to form a confederation which is expected to lead to a federal system which the much larger Senegal will inevitably dominate. It would be a major foreign policy victory for Mr Diouf, since Senegal has long wished to get control of tiny Gambia. However, it will add to Senegal's already considerable economic headaches.

During the past two decades, Senegal's real growth rate has averaged only 2.7 per cent annually, barely keeping pace with the increase in the population. Two successive crop failures meant that real gross domestic product (GDP) declined nearly 17 per cent between 1979 and 1981. Even though this year's crop should reach between 850,000 and 900,000 tonnes, real GDP is unlikely to recover its 1979 level until 1983 at the earliest.

There are structural problems affecting the economy, which Mr Diouf has to tackle if Senegal is ever to pull itself out of its present rut. The economy is too dependent on earnings from groundnuts and it suffers from an over-heavy and costly administration which has become used to relying on heavy foreign borrowing to make up its payments gap. The heavy foreign debt burden pushed debt servicing to 29 per cent of export earnings last year.

The International Monetary Fund abandoned discussions about a three-year extended fund facility for Senegal after the Government failed to adhere to restrictions on central government spending and did not fulfil its commitment to reduce the subsidy on the 400,000 tonnes of rice which it imports annually.

Instead, the fund is negotiating help for Senegal on an annual basis. Last year, it agreed to allow it 100 per cent of its quota of SDR 63m (£103m) and Dakar is optimistic that aid on the same scale will be available this year. Other aid donors, including France, have also stepped up their economic assistance.



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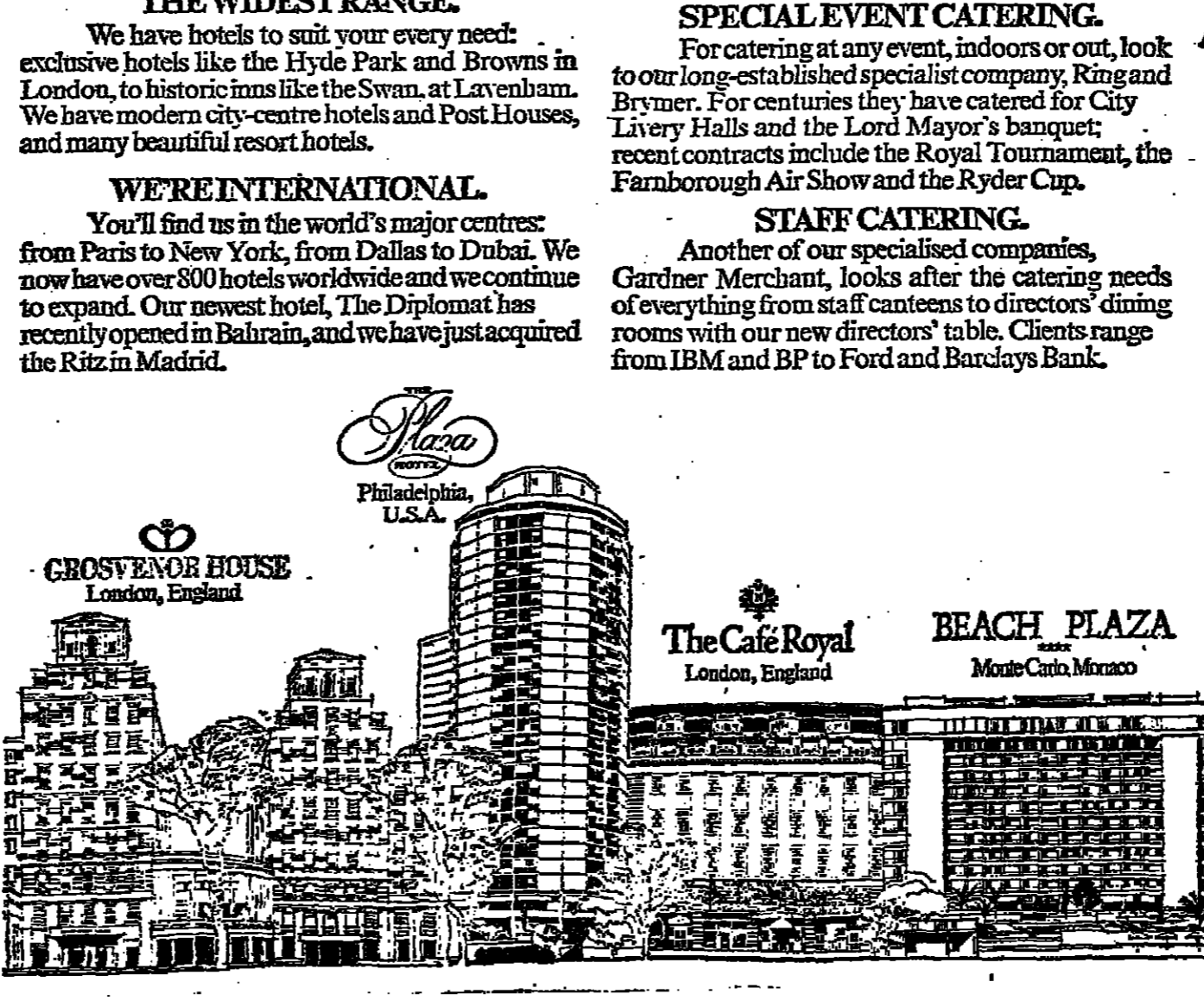
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WORLD TRADE NEWS

BL Mini makes comeback

THE BL Mini is being reintroduced to Japan after a gap of about eight years. Sales of a forecast 600-700 one-litre models are due to start in the spring through Nichiei Jishoda, an importing company. It has retailed several models from the marques which have comprised the BL group for nearly 30 years.

Japan to voice fears over imports retaliation

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN will use the trade talks with the U.S. and the EEC, taking place later this week at Key Biscayne, Florida, to air its concern about the concept of "retaliatory reciprocity" which, it claims, is emerging in the U.S.

Adoption of the concept as a guideline by U.S. trade policy-makers would be certain to reduce trade flows and is therefore highly dangerous, according to Japanese officials.

The Japanese delegation plans to "reaffirm its commitment to free trade" at the meeting. But it is realised that other delegations, including that from the EEC, may be less interested in talking about free trade and more concerned with current problems.

The Ministry of International Trade and Industry which has favoured the holding of a three-cornered conference with Europe and the U.S. since the idea was first mooted in Washington last summer is in favour of holding a trilateral conference at regular intervals.

The Foreign Ministry takes a much cooler attitude and believes that there are sufficient forums for discussing trade issues.

U.S. interested in radar-absorbing paint from Tokyo

BY RICHARD C. HANSON IN TOKYO

THE U.S. is interested in a special radar-absorbing paint developed by TDK Electronics for Japan's Defence Agency apparently for possible use on jet fighters.

Ferrite is already used in such commercial products as microwave ovens. Ferrite paint is still in the research and development stage.

The Defence Agency declined to comment on why it commissioned TDK to develop the paint, or on how it intends to use it.

So far, discussions between U.S. and Japanese officials on Japan making available defence-related technology have been rather vague.

Tokyo. The U.S. is interested in Japanese advances in high technology areas, such as electronics, which are applicable to weapons and defence systems.

India's trade with Moscow expected to rise by 11%

BY K. K. SHARMA IN NEW DELHI

INDIA'S two-way trade with the Soviet Union this year is expected to rise by 11 per cent to Rs 3.6bn (£2bn) making the Soviet Union its largest single trading partner.

India values its trade links with the Soviet Union because payment for imports is made in rupees or in goods.

Israeli jet venture discussed

BY DAVID LENNON IN TEL AVIV

MR ARIEL SHARON, Israel's Defence Minister, yesterday held discussions with representatives of Northrop, the U.S. aviation concern, over possible joint U.S.-Israel production of the F-18 jet as an alternative to the Israeli plan to design and build its own Lavie fighter-bomber.

Force's ageing Skyhawks and Kfir. However, Mr Sharon is seeking ways of paring the defence budget. In November, he ordered a slowing of the project while he reviewed the advisability of Israel trying to produce its own fighter-bomber.

Iraq orders fire trucks worth £11.9m

TOKYO—Iraq has ordered 218 large fire-fighting trucks, including 155 foam vehicles, worth ¥5bn (£11.9m) from Japan.

The Sumitomo Company said that Hino Motors would build the trucks for the directorate of civil defence. The fire-fighting equipment will be produced by Marita Pump, of Osaka.



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Erratic rand tests the skills of South Africa's foreign traders

BY BERNARD SIMON IN JOHANNESBURG

THE SKILLS of South Africa's foreign traders are being tested by unprecedented gyrations in the country's currency, the rand.



Dr Gerhard de Kock: Reserve Bank determined to maintain rand's value

months of last year than in January-October, 1980, and imports of all goods are estimated to have risen by around 30 per cent in 1981.

The rand plunged from a peak of \$1.35 in January 1981 to an all-time low of less than half a cent above parity with the dollar in mid-December, a drop of more than 25 per cent. In the past three weeks, it has climbed back by almost 8 per cent.

African Foreign Trade Organisation. "If the fall in the rand had taken place when world demand was high and the South African market weak, our exports would have taken off like a rocket. It's the best incentive the Government could have given."

Higher import costs had a significant impact on domestic prices. The decline of the rand "will ultimately affect domestic appliance prices by close to 30 per cent," according to Mr Vernon Katz, chief executive of a large appliance importing company.



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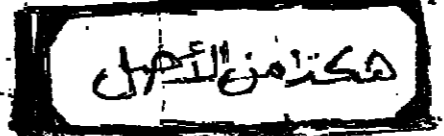


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APPOINTMENTS

Changes at Halifax

The HALIFAX BUILDING SOCIETY is making the following appointments. Following the retirement of Mr J. C. Hogg, Mr J. D. Birrell has been appointed general manager (London) from January 26. Mr D. R. Taylor has been appointed assistant general manager and will take over Mr Birrell's responsibilities at head office.

Following the retirement of Mr A. J. Tandy as chief executive the following appointments will take place in May: Mr J. O. Spalding will become chief general manager. Mr M. Macaskill, Mr N. S. Watson and Mr R. C. Wewey will become deputy chief general managers.

Mr Robert J. Hodgson has been appointed managing director of BURRUP MATHESSON AND CO, the principal subsidiary of Burrup Printing Group.

Mr W. H. Henry and Mr D. C. Musta have been appointed directors of VULCANITE, a member of the Ruberoid Group. Mr W. Morris has been appointed managing director of CATALIN which was acquired by the Ruberoid group in September, 1981.

UNITED BISCUITS (UK) is appointing Mr Anton Klener as managing director of UB Restaurants on March 1. Mr Klener was a director of Rank Leisure.

SWISS RE (UK) is making the following changes in June: Mr H. B. Vischer relinquishes the chair. He will be replaced as chairman by Mr Clinton E. Geiser who will remain chief executive until he retires in June 1983. Mr P. E. Christen will become deputy chairman and Mr Brian Prevost, who is deputy chief executive and due to succeed Mr Geiser in 1983, will become a director and has been appointed general manager as from January 1. Mr Brian K. Doody becomes deputy general manager.

BRABURY GROUP has made the following changes: Mr William Brown has been appointed managing director of Brabury Broadcast Systems and Brabury Electronics (trading as BPS). Both companies are trading from a new headquarters at Smitham Bridge, Hungerford, Berkshire.

British Gas and Amoco to end North Sea pact

BRITISH Gas Corporation and the U.S.-based Amoco group will end their joint North Sea exploration agreement. Largely because of proposed Government changes for the gas industry, Amoco worried that the Government will restrict the Gas Corporation's oil exploration activities. It has decided to seek new partners for the next round of licences, due to be announced this summer.

Chambers of commerce support rates levy ban

THE GOVERNMENT'S proposal to ban local authorities from levying supplementary rates is being supported by the Association of British Chambers of Commerce. The association has been strongly opposed to the plan to force councils proposing to levy more than a centrally determined limit on rates to hold a referendum. This proposal in the Local Government Finance Bill was dropped because of Conservative backbench opposition and association claims that it would undermine local democracy and local responsibility.

Hesketh to start output of 1,000cc motorcycle

THE FIRST production model of the long-delayed Hesketh 1,000cc motorcycle will come off the assembly line at the company's Daventry plant in the next week. Hesketh Motorcycles, the company founded by Lord Alexander Hesketh in which investors have put \$1.5m, said yesterday it was satisfied engineering problems which led to the postponement of the planned launch last August had been overcome.

Why the sand and gravel groups are going through a rocky patch

THE BRITISH aggregates industry is bracing itself to hit rock bottom. Profits are mixed, turnover depressed and the only type of buyer for an aggregates group is a company with a 15-20 year commitment to marketing sand and gravel. With that general outlook Blue Circle Industries last week decided to try to offload its aggregates subsidiary, BCA.

Hard-hit ports struggle to break even

COMPETITION among British ports is likely to toughen this year as the recession continues to bite and shipping lines strive harder to cut sea and land freight costs. Two of the biggest ports, London and Liverpool, are working on ways to meet the Government's demand that they start breaking even by the end of this year.

Table with 2 columns: UK aggregates market (per cent share) and Tarmac/Hoveringham, ARC, THING, Redland, Blue Circle.

ARC's turnover in the same period fell 1.5 per cent to £423m. Volume fell about 17 per cent, with operating profits down at £39.2m from £45.8m. Only Tarmac managed to show some profits advance from aggregates operations.

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Advertisement for 'THREE THOUSAND MEALS A DAY - IT'S EASY WITH COOK-CHILL.' featuring an image of a kitchen and text describing the cook-chill system.

Advertisement for 'COST-EFFECTIVE CATERING 1982 CONFERENCE.' featuring text about the conference and a 'PLANNING IS THE KEY TO SUCCESS' slogan.

Advertisement for 'HOTELYMPIA - ALL THAT'S NEW IN CATERING.' featuring text about the exhibition and the Hotelympia project.

Advertisement for 'CATERELECTRIC' featuring a coupon for more information and the company name.

# Optimistic London Transport chairman prepares to ride the cheap fares storm

BY LYNTON McLAINE, TRANSPORT CORRESPONDENT

SIR PETER MASEFIELD, the 70-hour-a-week part-time chairman of London Transport, was expected to be up at 5 am today, the day of the extraordinary meeting of the Greater London Council called to seal the financial future of LT in the light of the Law Lords' ruling outlawing the council's cheap fares policy.

The meeting will discuss whether the GLC should accept the Law Lords' ruling and implement a 10 per cent fare rise from March 21, or reject the higher fares and force a constitutional crisis on the Government.

The council, led by Mr Ken Livingstone, was elected on the basis of its cheap fares policy. Rejection of the higher fares necessary for London Transport to meet the Lords' interpretation of the Transport (London) Act 1969 could lead to the disbandment of the GLC.

Sir Peter does not relish implementing a policy which will put London completely out of line with every other urban mass transport authority in the world, where fares subsidies—

the issue at the heart of the Lords' ruling—are recognised as essential policy instruments.

His work for London Transport begins at 7 am. Before then he is likely, as usual, to work on one of several new books.

Perhaps prophetically, the book nearest to completion is called *To Ride the Storm*. This is the result of Sir Peter's own research into what happened to the British airship R101, which crashed after repeated warnings to the government from technical experts.

London Transport is not going to crash, Sir Peter is sure of that. But he is equally sure that the crisis demands urgent attention by the Government.

"I take a broadly optimistic view of what will happen," he said at the weekend. "This is because I do not believe the country will allow the standards of service in the capital to fall."

He believes the country has to decide what it wants from public transport and what it is prepared to pay.

The problems facing London Transport have "brought to a focus one of the main issues to be settled."

The Lords' ruling failed to clarify the legal position of subsidies.

There was an urgent need for subsidies to be "made legal." He believed a "new law, or an amendment to the existing law" would be produced, possibly this year.

"It is absolutely critical to clarify the subsidy issue, and we have up to March to sort it out."

"I could get a court ruling on the question of how to interpret the ruling by the Law Lords, but ultimately it is a question for the Government to resolve."

Sir Peter wants the Government to develop a national policy for urban transport. He is also keen to see a policy forming body set up under the Transport Secretary to decide on the level of service of public transport, at agreed prices.

He favours subsidies paid on the basis of £1 of subsidy for revenue support for every £1

of commercial revenue earned, as it is done in Atlanta in the U.S.

But Sir Peter believes the British Government does not understand the problems of public transport.

"It will not help this Government at the next election, if it is seen to be the Government that left London Transport to rot," he said.

"London Transport's red buses are a symbol of London which also meet a social need. Can all that be abandoned?"

# Blitz spirit conquers White Hell scenario

By Arthur Sanders

AT A LITTLE after midnight the group making its way from Innsbruck to Sussex started to wonder what it was doing among the snowdrifts of Staffordshire. For them, as for thousands of other Europeans these past few days, travel has become a chilly adventure.

My own team had departed the Innsbruck suburb of Igls at 8 am in driving snow. Our Thomas Cook guides jostled us into coaches for the planned three-hour drive to Munich airport. It was then we discovered that Teutonic efficiency does not necessarily extend to the autobahn.

Noise-to-kill we crept up the A5 which runs from Austria to Munich. At one point we stood still for an hour. Here and there cars abandoned driving still poking omnibuses from the snowdrifts.

Such lengthy journeys produced hidden strains. At the service area we managed to get a hot drink. The snowdrifts were like the storming of the Bastille.

Seven hours after leaving Innsbruck we were on the Danube. Air jet scheduled to leave Munich for Gatwick.

We edged to the end of the runway for take-off. The captain cracked over the loudspeakers: "I'm sorry, ladies and gentlemen. They have now closed the airport. We must taxi back to the terminal."

An hour-and-a-half later we tried again. By then the airport authorities had decided the runway.

Once more we taxied up for take-off. "Ladies and gentlemen," came the voice. "Now they've closed Gatwick. Back we went to the terminal."

# Free drinks

By now the duty free boards had been broken into and free drinks were being served by an apologetic crew. Every-one was growing weary. Quite quickly all stocks were drunk dry. New supplies were brought aboard to loud cheers.

Dan Air then broke open the packed lunches.

There was a brief moment of entertainment when an open vent allowed decking fluid to be pumped smoke-like into the interior of the aircraft.

"We're on fire," someone yelled. "Good God," muttered a stewardess. "Nothing to worry about," said the unflappable captain.

We reflected, having wasted many gallons taxiing around Munich airport, and tried a third time for the runway.

This time we made it. Soaring off to Gatwick—we hoped. A few of us organised a draw on which airport we would land at I won. "Sorry about this," said the captain. "We are being diverted to Manchester. Birmingham is already full up." I was £1.20 richer.

A small cheer went up as we landed at Manchester, chilly, snowy and dark. We grabbed our hand baggage and duty-free. "Well ladies and gentlemen," came the captain.

This time the story was that Manchester, unused to such a rush of business, did not have the baggage handlers to cope with aircraft coming out of the skies like so many frozen bees.

"I've been told to keep you on board," said the captain. "But I'm not a jailer and if you want to get off that's up to you."

By then everyone had come to love their comfortable seats, their friendly companions and their helpful hostesses. We stayed. The stewardesses served coffee.

An hour and a half later they let us off.

Airlines take different attitudes when delays occur.

British Airways (the British Airways subsidiary) put its stranded customers into Manchester hotels. Hard-pressed Laker had coaches ready for what promised to be a hair-raising ride down the M1. Dan Air had arranged for the trains to London to be delayed and additional coaches put on.

Manchester airport does not have a 24-hour bank. I had £2.95 in sterling (including winnings), plus now useless shillings, D-Marks, and U.S. dollars. Not much for the large meal I began to feel urgent need of.

# British Shipbuilders admits copying warship design without authority

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

BRITISH Shipbuilders admitted in the High Court yesterday that it had constructed and tested models of a controversial warship design without the authority of the designers, and that evidence resulting from the tests had been destroyed or gone missing.

The nationalised corporation, which comprises all major British shipbuilding concerns, admitted that the two models had been based on the vessel's hull plan, copied without the designers' authority.

Existence of a second model had been "actively concealed" from the designers until last week, British Shipbuilders admitted. The model itself was destroyed last May.

The admissions were made at a preliminary hearing in an action in which Osprey Ltd and T.T. Boat Designs, designers of the 50-metre offshore patrol vessel Osprey, allege that British Shipbuilders have infringed the copyright in the vessel's hull design.

Mr William Blackburne, for

condition of being allowed to proceed with the action.

Mr Blackburne told the court that British Shipbuilders had offered to settle the action by giving undertakings in substantially the same terms as injunctions sought by Osprey, and paying £100 damages, or such other sum as was found to be appropriate. Osprey had not responded to that offer.

He said that British Shipbuilders admitted copying the Osprey's hull plan without the designers' express authority. But he denied infringement of copyright or breach of confidential information.

The Osprey design had been a matter of controversy for some years. Osprey said it provided production economies while maintaining efficiency in "sea-keeping."

The shipbuilding and naval establishment, represented by British Shipbuilders, had taken the view that there was nothing novel in the design, which had a number of serious snags, and which derived from a vessel

# Solicitors' right to advertise supported

By David Churchill

A STRONGLY WORDED attack on the failure of the Law Society to allow individual solicitors the freedom to advertise their services was made last night by Mr Gordon Borrie, director general of fair trading.

Mr Borrie told a London meeting that "five years of discussion and argument on the issue was long enough." He added that "we need to put an end to the unreasonable—and for some in the profession unfair—restriction on competition."

Mr Borrie's comments follow various reports in recent years urging the Law Society to allow solicitors the freedom to advertise. In 1976 the Monopolies and Mergers Commission suggested such freedom, followed in 1980 by a Royal Commission report.

Mr Borrie stressed that it was only suggested that solicitors should be given the freedom to choose whether or not to advertise. He also suggested that advertising could eventually lead to lower charges.

# High technology plan boosted by £2m

BY TIM DICKSON

LLOYDS BANK and Birmingham City Council announced yesterday that they are each putting £1m into a new company to fund high-technology investment in Birmingham.

The joint initiative will be closely associated with the new Aston Industrial Science Park, a site which adjoins Aston University and which is intended to be a breeding-ground for emergent high-technology business.

Birmingham City Council has already invested £2.5m in the site, to buy and renovate property. Phase I of the park is due to open this spring.

The £2m Lloyds-Birmingham City Council initiative is designed to promote and to provide financial assistance for new ventures setting up on the site.

Although limited by guarantee, the company has no capital of its own. The funds consist of interest-free loans from the two partners. Assistance will be given in the form of grants, loans and, where appropriate, equity capital.

A full-time managing director will be appointed. Lloyds plans to second a senior manager. The company's board will include representatives of the

# Living standards and company profits improve

BY DAVID MARSH

BOTH company profits and personal living standards improved in the third quarter of last year, benefiting from the slight upturn in the economy.

Government figures published yesterday show that gross trading profits of the company sector rose about 10 per cent, seasonally adjusted, between the second and third quarters. Living standards, measured by real personal disposable incomes, increased by a less dramatic 0.5 per cent—the first rise since the end of 1980.

The improvement in corporate profitability comes partly in response to an increase in trading volumes, as well as to drastic pruning throughout the recession. Many companies have been rebuilding their finances by laying off staff and cutting stocks.

The small rise in living standards in the third quarter was due to a smaller fall in employment and a rise in hours worked. In spite of the increase, purchasing power of average

# Talbot says Coventry layoffs indefinite

By Arthur Smith, Midlands Correspondent

TALBOT told union leaders last night it could not give a recall date for 1,800 Coventry workers laid off because of problems with a contract to supply car kits to Iran.

The workers were laid off on December 11, originally for nine working days. The company blamed slow assembly in Iran caused by shipping difficulties and shortages of components made in Iran.

Talbot stressed its confidence in the contract, which it said would be worth £1bn in the next five years.

# Rolls-Royce in U.S. funds move

BY DUNCAN CAMPBELL-SMITH

ROLLS-ROYCE—the state-owned aero engine company—plans today to join the British public and private sector companies raising funds in the U.S. commercial paper market. It will sell up to about \$20m of short term debt as the first tranche of a total \$250m borrowing to be guaranteed by the UK Government.

The total will complete Rolls-Royce's external borrowing requirement as agreed with the Government 2½ years ago for the period up to the end of 1981. It comes on top of the £140m borrowed in January 1980 and will take account of the company's net £200m cash outflow last year.

It should only remain for Rolls-Royce, under its present plan, to provide for a net £100m cash outflow for this year. Mr Peter Molony, the financial

director, confirmed yesterday that it is intended to fund this with one further external borrowing as well as additional Government equity already arranged. Cash flow is then scheduled to break even next year.

Rolls-Royce said it was attracted to the U.S. commercial paper market because it offered the lowest rates available to prime borrowers anywhere.

The company has a large proportion of its business in the U.S. Naturally, it is not averse to being seen carrying the full guarantee of the UK Government in New York financial markets.

The borrowing programme will be covered at every stage by foreign exchange operations to eliminate the dollar/sterling exchange risk on repayment.

Though raised in New York, it effectively will be sterling debt.

It is expected that the full amount of the issue will be launched over a period of 5-6 months—as in the cases of British Gas and the Post Office. (Now British Telecommunications) which went to this market for \$250m each in 1978-1979.

The rate of interest applying at each stage of the issue will be decided according to prevailing conditions by Lehman Brothers, the company's New York investment bankers.

Market conditions will also dictate maturities, though it is hoped to extend these nearer to the market's limit of 270 days as the issue progresses.

All tranches anyway will be rolled over as they mature, giving the whole borrowing a long-term standing.

# Suggestions of recovery 'premature'

By Arthur Smith, Midlands Correspondent

SUGGESTIONS FROM Whitehall and Westminster of an improvement in industrial activity were premature, Mr Chris Walliker, chairman of West Midlands region of the Confederation of British Industry, said yesterday.

Businessmen in the country's industrial heartland would believe in the upturn only when they saw orders rising. Evidence of a very slight improvement in demand was only tentative. Business confidence remained low.

He said, however, that many Midlands companies had moved into new markets, introduced new products and raised productivity.

The CBI, in an initiative to help companies pool information and seek solutions to the region's problems, was staging a conference "Winning Through" in Birmingham on March 4.

# British tractor purchases may increase in 1982

By Richard Mooney

TRACTOR PURCHASES by British farmers are expected to increase 8.3 per cent this year, according to the Agricultural Engineers Association.

In 1981 the total fell 2.2 per cent to 20,773 units but there was a noticeable rise in the second half. By mid-summer the level was running 14 per cent below the previous year's level. But the market recovered from August, helped by improved harvest prospects. The second half showed a 13 per cent improvement over the same 1980 period.

The most popular power range last year was 65-80 horsepower, which accounted for a third of sales.

In units terms English farmers bought 0.8 per cent more tractors in 1981 than in 1980. But the Welsh bought 11.5 per cent, the Scottish 9.9 per cent and the Northern Irish 17 per cent fewer.

# Owen urges that Britain should cancel Trident

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE GOVERNMENT'S decision to modernise Britain's nuclear deterrent with U.S. Trident missiles should be cancelled, Dr David Owen, one of the leaders of the SDP-Liberal alliance, believes.

Dr Owen, who was Foreign Secretary under the last Labour Government, said on Granada TV's World in Action last night that he thought any SDP-Liberal government "should cancel" Trident—especially since "vast costs" would not have been incurred by 1984.

Dr David Greenwood, director of the Aberdeen Centre for Defence Studies, said on the programme that he believed the cost of Trident, at July 1980 prices, could now be about £5bn against the original government estimate of £5bn.

The programme also examined the Chevaline project which is designed to modernise the British Polaris missile. Chevaline's projected costs have risen from an original £240m when it was approved in 1974 by Mr Harold Wilson, then Prime Minister, to an estimated £1bn today.

During the Labour government the cost of Chevaline was not disclosed to Parliament.

Dr Owen, who in 1976 became part of the small group of ministers concerned with Chevaline, said on last night's programme that he thought the Labour government of that time could be justifiably criticised for concealing Chevaline's costs.

He said he agreed that Chevaline should continue in 1977 because so much had been spent on it. However, he made it clear that he saw no strategic need for Chevaline since there was no need for Britain to accurately target Moscow.

# Scuttled tanker cargo 'not lost'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

INSURERS OF the cargo of a tanker Salem, scuttled off the West African coast in January 1980, appealed yesterday against a court ruling that the cargo was lost as a result of a peril covered by the insurance policy.

The insurers challenged in the Court of Appeal the finding of Mr Justice Mustill in the Commercial Court last April that the loss of the 196,231 tonnes of crude oil on the Salem had been a "taking at sea" against which the cargo owner, Shell International Petroleum, was insured.

The Commercial Court held that the taking occurred when the Salem, at the instigation of the conspirators who perpetrated the fraud, diverted from its ostensibly voyage from Kuwait to Europe and discharged the bulk of its cargo at Durban.

Shell was held to be entitled to \$25.5m from the insurers, having already recovered the \$30.5m balance of the cargo's insured value from SFF Association, South Africa's official oil purchasing agency.

The hearing continues today.

# Retirement leads to Burmah reshuffle

BY RAY DAFTER, ENERGY EDITOR

THE BOARD of the Burmah Oil Company is being reshuffled as a result of the planned retirement of Mr Stanley Wilson, group chief executive and managing director.

Mr Wilson, with Sir Alastair Down, now non-executive chairman, has been largely responsible for the recovery of Burmah following its financial collapse in 1974-75. Mr Wilson is to retire on June 4.

Mr John Malby, executive director responsible for Burmah's oil interests, will be appointed deputy chairman. Mr Campbell Anderson, executive director responsible for Burmah's industrial interests, will become managing director. Mr Lawrence Urquhart, finance director, will be appointed chief executive of Castrol Worldwide.

Burmah, currently involved in a takeover bid for the Croda International chemicals group, said yesterday that a new group finance director would be appointed in due course.

Mr Malby, who will have overall control of policy matters, joined Burmah in January 1980 having been chief executive of Panococean-Anco from 1976. He had previously been managing director of Panococean Shipping and Terminal, a chemical transport and storage company jointly owned by Ocean Transport and Trading and the Peninsula and Oriental Steam Navigation Company.

Mr Anderson, who will be in charge of day-to-day management affairs, joined Burmah in 1971.

# Danger of Britain falling behind in producing complex software

BY GUY DE JONQUIERES

BRITAIN is in danger of falling behind in production of the complex programming systems needed to apply computer power more widely in manufacturing, telecommunications and defence, a report prepared by the National Economic Development Office warned yesterday.

The report by the NEDO electronic capital equipment sector working party, said although Britain had considerable expertise in this type of programming, the industry's development was hindered by inadequate investment, unnecessary duplication of effort and

the fragmentation of resources. The working party called on the Government and nationalised industries to standardise technical requirements for real-time software—the programming which enables computers to react instantaneously to changes in the data which they are required to process—to help provide additional tools for software suppliers and to co-ordinate existing public support programmes for research and development.

The public sector accounts for more than half the British market for real-time software. Real-time software provides a crucial link in applications like defence and process control, where a computer must respond quickly to a flow of continuously changing information. It can account for as much as half the value of a complete system.

The report surveyed 11 British companies employing 4,400 people to write real-time software. It contrasted their fragmented structure with the situation in Japan, where one company—Toshiba—has set up a software factory employing 2,000 people.

It said co-ordinated investment on this scale was not being

carried out anywhere in Britain, with the possible exception of the joint effort by British Telecom and telecommunications manufacturers to develop System X, Britain's advanced electronic telephone exchange.

Most real-time software being produced in Britain was tailored to suit individual customers. The resulting systems were often so specialised that they could not be adapted to a wider market and the experience gained in developing them was effectively lost.

Britain must expand rapidly into the development of "standard" real-time software, which could be used in a wide range of applications, if suppliers were to remain internationally competitive.

Standard packages accounted for only 8 per cent of the UK software market—against 25 per cent of the U.S. market—and 70 per cent of its standard software was imported from the U.S.

The report criticises the Ministry of Defence, a major real-time software purchaser, for not doing more to help suppliers.

Jason Crisp writes: The BBC's major "computer literacy" pro-

ject started yesterday with the transmission of the first of a 10-part series giving the layman a practical introduction to computing.

The project goes far beyond the television programmes themselves and has involved a wide range of organisations from government bodies to small private companies.

The BBC is selling its own microcomputer, publishing a general book on computers, publishing its own computer programs and providing a contact service to put people in touch with computer clubs and educational organisations.

A correspondence course on programming the BBC microcomputer is being run by the National Extension College in Cambridge.

The basic version of the BBC microcomputer, costs £295. A more sophisticated model capable of being connected to more powerful machines costs £535. They can use a television set for visual display and are made by Acorn Computers.

Real-time software R&D in the UK: a survey and recommendations for action, NEDO.

# No food

There was no time for eating however. "The bus to the station is here," someone yelled. We rushed.

At the station a British Rail man looked unamused. "I was told there were 470 people," he cried. "Only 86 of us had decided to make the dash. So much for the helpful train delay and the extra coaches."

By the time the snow wastes of Staffordshire arrived there was some furtive sleeping. The train was blissfully warm. The scenery was stunningly bleak. Here and there we stopped. Zhivago's hauntingly evocative scenes, the lights stayed red.

Seven hours after leaving Manchester, Birmingham was in the distance.





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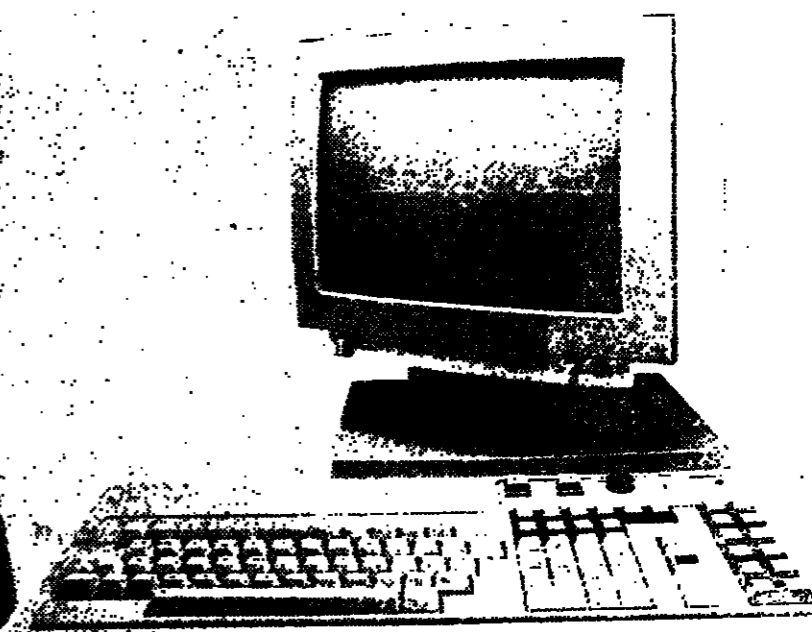
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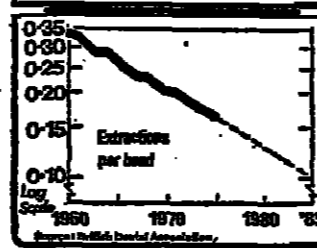
EDITED BY ALAN CANE

Dentistry in the 20th century

IN the second of two articles on modern dentistry ELAINE WELLS looks at the use of computers and electronics to ease the visit to the dentist's chair.

HAVING ALL their teeth removed at their 25th birthday present seems insane today but it was all too common 30 years ago. The idea then was to prevent dental problems in later life. By contrast, the extraction of a decayed molar is just all right - is regarded today as one of life's minor tragedies. To cope with the public's reluctance to part with teeth brought about by better general health care, dentists have evolved sophisticated techniques for filling awkward holes, plastering over the cracks and rebuilding teeth from stumps. Electronics are gradually appearing in the dentist's surgery in the guise of speed controls for drills, ultrasonics for removing hardened layers of tooth-destroying plaque, and meters which chart the dentist's progress through the tooth during delicate root and nerve treatments. Computers are beginning to play a part in the surgery with electronic record keeping which can be called onto a television screen while the patient is being treated, but they also have a role in controlling drills and other equipment in the dentist's hands. This is shown by Siemens Studio 3000 which allows information about a patient to be updated during a check-up. It keeps lists of appointments and accounts. Only 2 to 3 per cent of Britain's 20,000 dentists have computers in their surgeries because only the larger practices can afford them. With an average annual salary of about £14,000 most dentists choose more basic equipment. This means that the UK tends to miss out on the most sophisticated equipment at a time when more people are needing complex treatment to save their teeth. Professor Keith Mortimer, head of conservative dentistry at the Royal Dental Hospital in London said: "Because dentistry is becoming more complicated patients will spend up to an hour in the dentist's chair compared with 15 to 20 minutes previously." Today, about 22 per cent of money spent on dentistry under the Health Service goes towards advanced treatments such as saving roots, inserting crowns and inlays compared with only 1.8 per cent in 1953. Professor Mortimer says that the ordeal of a prolonged visit to the dentist has been made bearable by several innovations

General Dental Service



Dentists now sit, instead of standing over, their patients which has resulted in smaller and more streamlined equipment. Coming to the market are the tiny optic fibres near the drill bit to illuminate the cavity as it is drilled. These are already available in the U.S. and now in the UK. Outside the equipment field, researchers at Guy's Hospital are trying to develop a safe vaccine which could prevent caries-tooth decay caused by lack of Vitamin D and calcium salts which is prevalent in children. However, the UK market for dental equipment is stagnant at about £80m and dominated by overseas companies such as Siemens, Kaye and Ritter in West Germany and American MidWest, AD International, part of the Dentsply group, and SS White in the U.S. The few remaining British manufacturers include Nesor Equipment, Tridac Dental Equipment and the Wright Dental group. The longer people keep their teeth, the more dentists will be needed which may eventually stimulate the UK equipment market, if the Government allows more places in dental schools. Today, dentists care for 690m teeth still attached to adults. In 40 years' time they will have to meet the challenge of more than 1.1bn teeth.

Compact fibre optic transmitters launched

BY GEOFFREY CHARLISH

COMPACT FIBRE optic transmitters and receivers that can deal simultaneously with digital signals up to two megabits/sec and analogue signals over the 10 Hz to 1.0 MHz range have been put on the market by Burr Brown International (0823 33837).

packages, can be used without any additional components. Although most applications will be either digital or analogue, the FOT110 is unusual in that it can transmit an amplitude modulated signal simultaneously with TTL signals over the same cable. Signal input voltage modulates the brightness of the light emitting diode - 1.1 volts peak-to-peak gives 100 per cent modulation. Transmitter output can be turned down to avoid saturating the receiver in short links. The receiver is a hybrid device that offers a TTL level digital output and an analogue output. Signals are converted by a photodiode and amplified to provide the analogue signal while the TTL output is achieved using comparators.

Designated FOT110 and FOR110 respectively, these units contain all the necessary circuits to form a communications link of up to 1.7 km using silica cables, or 100 metres with plastic fibres. Also available is an infra-red option for the transmitter which permits link lengths of up to 7km, using the standard receiver. As far as digital signals are concerned the new units, which are housed in 32 pin dual-in-line

multiworkstation performance compared with more conventional systems. Distributed processing techniques have allowed the company to offer "extremely fast" rates of screen updating. The new workstation also has powerful screen dynamics, erase and rapid scanning/zooming features. More on 0932 55951.

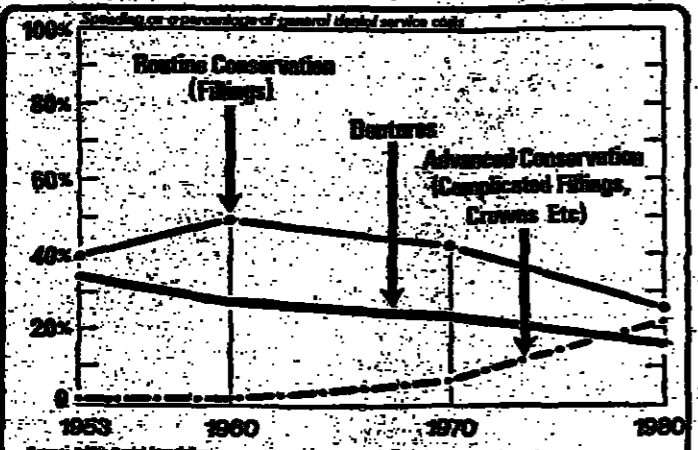
Better workstation performance

AN IMPROVED raster graphics workstation is now available from Gerber Systems Technology for use in conjunction with the company's IDS-80 computer-aided design/manufacturing equipment. Incorporating an independent HP1000E computer with 256k of high performance memory, the unit is claimed to offer "significant improvements" in

will meet the increasing need for year round, 24-hour surveillance in industrial, police and military applications. In particular, Nite Lynx eliminates the need for night time exterior floodlighting, reducing electricity bills. The camera has all the usual remote control and weatherproofing facilities. More on 0223 245191.

All weather Nite Lynx

LOW LIGHT television cameras that can "see" in lighting conditions that the human eye perceives as virtual darkness have been available for some 15 years and have been progressively improved, particularly in terms of their stability. Now, Philips Business Systems is offering a system called Nite Lynx which can deal with a range of lighting levels claimed to be "far in excess of previous generations of low light camera systems." The automatic control system of the camera allows it to operate in all weather conditions from bright sunlight to well below starlight standard. The result is a system that



Induma 'blows-up' its turret mill

BY MAX COMMANDER

ALTHOUGH well known for their flexibility in most machine shops, turret mills do not readily blow up to larger versions. The majority of tools tend to be in the one to four horse power range. Induma believes it has solved the problem with its TMS model, a 7.5 hp tool with infinitely variable speeds in the 40 to 4,000 rev/min range. The TMS moves the Y axis from the knee to the top of the column thereby giving only X axis travel and vertical travel at the knee. The turret head is carried on the end of a cam to generate Y axis movement. The company claims that this makes it easier for the table top assembly to accom-

modate loads up to 800kg. Likely to be encountered when the extended traverses are taken into account. The tool has 1,000mm of travel on the longitudinal axis and 500mm on the cross and vertical axes. The latter are powered by dc drives providing longitudinal and cross feed rates of 10 to 2,000mm/min feed rates with a five to 1,000mm/min vertical feed. The turret head has a 150mm diameter quill with 140mm of longitudinal travel. The Induma range is available in the UK through RK International Machine Tools, Europa Trading Estate, Fraser Road, Erith, Kent (Erith 47611).

The easiest way to buy a small business computer is to look for this sign.



The difficulties involved in buying a small business computer used to be enough to send most businessmen running back to their offices to tackle something simple like the last six months' tax returns. But now thanks to Digital, the world's leading manufacturer of minicomputers, it's no harder than buying a typewriter. Authorised Digital Computer Distributors Digital has selected a network of Authorised Computer Distributors that have demonstrated a proven track-record for market expertise, sound financial resources and an ability to provide customer satisfaction to Digital's own high standards of excellence. It means that you can now buy complete packages of software and hardware tailored precisely to your needs and all from a single supplier. Whatever your application area. With expertise ranging from production and distribution control to freight forwarding and accountancy, you can now be sure of getting the right advice from people who really understand your needs.

And because you're a businessman, not a computer programmer, Digital's Authorised Distributors won't baffle you with technical jargon. On the contrary, you'll be surprised how much they'll know about your business and the specific problems it involves. So they'll be able to explain just what a Digital computer can do for you, in terms you'll understand. Widest Range of Systems Digital make the widest range of tried and trusted systems, so whatever your requirement is we've the hardware to match. And there's no need to worry about your business outgrowing the system because Digital's computers can be easily upgraded to grow at the same pace as you do. So why not discuss your business computer needs with a Digital Authorised Distributor now! Fill in the coupon indicating your application area and we'll put you in touch with the Distributor who can best help you. We'll also send you our free booklet "A Strategy For Buying a Small Business Computer."

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To Teresa Gubbin, Digital Equipment Co. Limited, Digital Park, Imperial Way, Reading RG2 0TR. Tel: Reading (0734) 865711. Please send me your new brochure "A Strategy for Buying a Small Business Computer" FT1/12 Name: Position: Company: Application Area: Address: Tel. No:



THE INDUMA TMS turret mill available in the UK from RK International Machine Tools, Erith, Kent



Volume assembly glue gun

An electro-pneumatically operated glue gun, said to be ideal for high volume assembly and capable of bonding almost any material within seconds has been introduced by BeA Fastening Systems of Beverley, North Humberside. A 400 watt heater gives a warm-up time of three to four minutes and the gun is able to deliver up to 5.5 kgs of hotmelt per hour. Adhesive is provided in 70 gramme 43 mm diameter cartridges with a reserve cartridge in the gun prior to reloading. Operation is at 50-100 psi, the gun will dispense all Flo-Fix adhesives and can be used at any angle. A feature, the company claims, is a solid state variable temperature controller to contain the gun temperature to within 5 deg C of the selected setting. Full details about the AM400 from 0482 861075.

BUILDING SOCIETY RATES Every Saturday the Financial Times publishes a table giving details of BUILDING SOCIETY RATES on offer to the public. For further details please ring 01-249-8000 Ext. 3406

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Handwritten note in Arabic script at the top right of the page.

THE ARTS

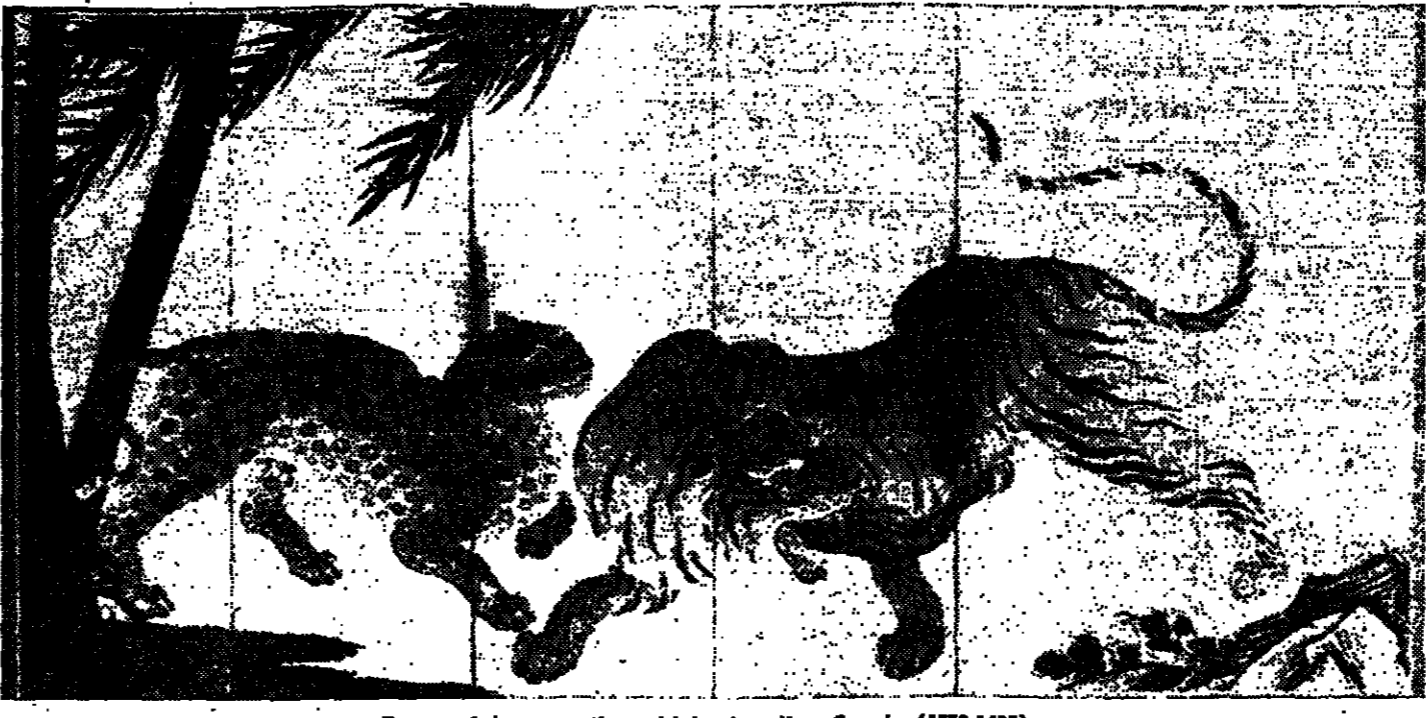
Purcell Room

Young Artists

by DOMINIC GILL

After an uneventful start last week, the Park Lane Group's annual series of concerts devoted to Young Artists and 20th-century music improved as the days went by. Thursday gave us the fine accordionist Mario Conway...

Great Japan, Part 2 by DAVID PIPER



Dragon of the storm, tiger with bamboo, Kano Sanraku (1539-1635)

The Great Japan Exhibition at the Royal Academy was the great exhibition success of 1981. Some might claim priority for Picasso's Picasso at the Hayward, but for me, a greater honour and delight came from the revelations of Japanese Art. The Picasso, extraordinary in their brilliant variety though they were...

be so extraordinary, but Japanese arts tend to be thought of as miniature—whether netsuke, ikebana, or best known of all, the woodblock prints. The screens are not all that big in vulgar metres, but in grandeur they are stunning. In them, that ability to extract essentials from the lavish superfluities of nature so marked in smaller Japanese brush paintings, is demonstrated at what is sometimes a monumental scale. Rarely in the history of art has so much been left out to more-fabled effect.

human figure, reject, when stretched in uninhabited display, the idea of anything so soft, so undulant as human flesh invading their perfection. Ultimately, this is what the Western eye may find lacking in Japanese art: that acceptance in so much of post-Renaissance Western Art of the nude human figure as the module.

from emancipation. A few eyebrows were raised by the title when the exhibition first opened Great Japan, although it covers only the Edo period (1600-1868), when Japan sealed itself off from the outside world. But any such pedantic quibbles must by now be dispelled. Certainly, the artistic greatness of earlier Japan (in sculpture perhaps especially) are not there, but the assault on the senses leaves no sense of omission. This is quite enough to go on with.

is that, while 4,500 visitors have been flooding through since late October, it bears almost no signs of wear, but remains immaculate. Nor is the pressure of people in fact oppressive; the articulation of display seems to absorb it—only about the very small items, the netsuke, is it difficult to see (and yet those almost all come from the British Museum—though how many of the visitors to the RA have been able to see them in the B.M., one may well wonder).

Letter from Italy

Anna Bolena, Tancredi by MAX LOPPERT

In Italy, taste for the early operatic fruits of the Ottocento continues to flourish. On this page over the past year or so, William Weaver has reported on, among other things, revivals of such rarities as Donizetti's Maria de Rudenz (at Venice) and, recently, his Fieschi (at Rome) for an operatic traveller across Northern Italy in December, the attention was slightly more familiar but still (from the look of them) worth noting—a new production of Anna Bolena to open the Turin season, and Rossini's Tancredi, given at Venice in the 1981 Aix Festival co-production. Both performances, in their entirely opposite ways, illustrated a familiar moral—that without performers of interpretative spark, such exercises become matters of duty rather than pleasure.

opera-house routine at its most depressing—lifelike successed by Maurizio Arena, produced by Attilio Colomello, in his own decors of garish ugliness (South Bank-style angular vistas decked out in every-colour-of-the-rainbow costumes), as if to demonstrate one by one the worst features of the principals' conscientiousness—all four singers (Boleyn, Seymour, Leicester, Henry VIII) were offered their chances to seize the front of the stage for stanz-deliver, and there were numerous "signs" after solo or ensemble for applause little merited.

among the composer's highest achievements, such an experience of the score given with a few cuts was a sad one—it was not long before longings for the heavily pruned version (such as Glyndebourne used) of the bad old days were faced and admitted in full.

Claude Auxray and designs (by Mauro Pagano) may include some passing fashionable folkies, but for their salute to the picturesque, nature-romantic side of Rossini's imagination much could be forgiven. And to be in the most beautiful opera house in the world, listening to Rossini delivered with both seriousness and virtuosity, is no hardship.

THEATRES

ALBERT, 5 CC 01-335 7811. ROYAL CARTE for 15th Anniversary. 11.15. 12.15. 13.15. 14.15. 15.15. THE MIRRORED. Jan 14. 15.15. 16.15. 17.15. 18.15. THE WEDDING. 19.15. 20.15. 21.15. 22.15. 23.15. 24.15. 25.15. 26.15. 27.15. 28.15. 29.15. 30.15.

LYRIC HANDBOOK. S CC 01-741 2371. LAMAR. S CC 01-741 2371. A NIGHT IN OLD PEARL. S CC 01-741 2371. PRINCE EDWARD. CC 01-741 2371. PRINCE OF WALES THEATRE. S CC 01-741 2371. QUEEN'S. CC 01-741 2371. RAYMOND REVUEBAR. CC 01-741 2371. ROUND HOUSE. CC 01-741 2371. ROYAL COURT THEATRE. CC 01-741 2371. ROYAL FESTIVAL. CC 01-741 2371. SADDLER'S WELLS THEATRE. CC 01-741 2371. SAVOY. CC 01-741 2371. STRAND. CC 01-741 2371. THEATRE ROYAL. CC 01-741 2371. THEATRE ROYAL DRURY LANE. CC 01-741 2371.

FINANCIAL TIMES

Financial Times crossword puzzle grid with clues for Across and Down. Clues include: 1. Motion to brook no comeback (6), 2. A lot of fish put right inside tin (4), 3. Standard drug found in basis of soup (5-3), 4. Self-restrained, having rage consumed (9), 5. Row I pry around (5), 6. Cross a pole (4), 7. Severely criticised chief producing a large fish (10), 8. Brited soldiers in-squad (7), 9. Crumbling implement— occasionally moon-shaded (6), 10. Debate about a male offspring (6), 11. Support nevertheless with a lock (8), 12. Self-possession needed to put cement on stable (6), 13. Free to begin and speak out (4), 14. A container for mother's mixture (7), 15. Get less gold from a builder (10), 16. The cost of soft grain (5), 17. Finish in attempt to be fashionable (6), 18. Risk an accident, one of many on a golf-course (6), 19. Female supporters with heaps of business details to get down to? (5, 5), 20. Attendant and I must appear in tears (6), 21. One who, or that which, should produce a line (5), 22. Essence that is still made of a fish in jelly (4), 23. Solution to Puzzle No. 4,765.

FOR SHARE INDEX AND BUSINESS NEWS SUMMARY, TELEPHONE 245 8025 (Number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).





MONOPOLIES COMMISSION REPORT

Royal Bank poser for Cabinet

By William Hall, Banking Correspondent

THIS THURSDAY will be a critical day in the fight for the Royal Bank of Scotland group. The Royal Bank's board faces angry shareholders at its annual general meeting in Edinburgh...

Both meetings, in their own way, will be of crucial importance for the future of Scotland's premier bank and its beleaguered board.

The fact that the Cabinet is now going to have to take the final decision on whether the two bids by Hong Kong and Shanghai and the Standard Chartered Bank should be blocked endorses the political sensitivity of the issue raised by the biggest UK banking takeover for over a decade.

The MMC's report has been with Mr John Biffen, the Trade Secretary, for nearly three weeks, and is one of the most explosive documents to cross his desk since he took office.

With assets of £7.5bn and pre-tax profits of £107.5m, the Royal Bank Group, which takes in Scotland's largest bank and Williams & Glyn's (England's fifth largest), is a plum prize for the bidders.



Mr George Young, Secretary of State for Scotland, thought to be one of the key figures voicing fears about the effects of the bids on the fabric of Scottish financial community.



Mr Humphrey Atkins, the Lord Frith of Scotland, has views on the deep divisions within the Government. Last November he told Parliament, "it is a misapprehension, held by some people, regretfully, that the Hongkong & Shanghai Bank is a foreign bank. It is not a foreign bank. It is a bank that is incorporated in a British dependent territory and is subject to the supervision of the Government."



Mr Gordon Richardson, Governor of the Bank of England. He originally blessed the marriage between the Royal Bank and Standard Chartered and tried hard to dissuade the Hongkong Bank from proceeding with a rival bid. But it went ahead in the face of the Governor's "displeasure."



Mr John Biffen, Secretary for Trade, has the unenviable task—given the widely differing views of the Government departments involved—of formulating the Government's response to the MMC's findings.

Everyone who has been involved agrees that Mr Jeremy Hardie and his team of four men and one woman, investigating the two bids needed the wisdom of Solomon in writing their report. One certain conclusion is that the recommendations are not going to satisfy everybody.

There are four major issues which the MMC has had to consider. The first, and far and away the easiest, is the question of the impact of either bid on the level of competition in the banking sector. Indeed if this had been the sole criterion, the MMC need hardly have bothered taking evidence.

European countries but is common in the U.S. The Scottish question, and the impact any takeover of the Royal Bank could have on the resilience of the local economy.

Of all the issues, the questions raised by the Bank of England's role in the affair are the most delicate since they throw into question the Bank's authority in the City—something that was taken for granted until the Hongkong and Shanghai Bank stepped in and challenged it.

banking. Standard Chartered is virtually the only major international bank without a strong domestic deposit base and is vulnerable as a result.

By contrast the Hong Kong Bank argues that it should be allowed to proceed with its bid. It was happy to abide with any conditions imposed by the Bank of England and feels frustrated that after several meetings in the early spring the Bank showed little appreciation of its position.

has been challenged successfully in the past. In the 1920s Montagu Norman, the Governor of the Bank of England, opposed Barclays Bank's plan to set up the forerunner of Barclays Bank International and in the 1950s the Commercial Bank of Scotland flouted the Bank's advice and bought a hire-purchase company.

On the other hand the Bank of England's rules are not designed to encourage competition in the financial sector, something which is dear to the present Government's heart, and MMC support for the Bank's apparent bias on overseas takeovers of UK clearing banks will encourage other countries to adopt a far less liberal attitude to overseas acquisitions by UK banks.

Letters to the Editor

Government loan guarantees to small businesses

From the Chairman and Managing Director, Elite Hosiery Company

Sir—Through my MP I have now received details of Government loans to British Leyland to use as a yardstick against the loan guarantee scheme to small firms.

The scheme is not even standard to all applicants, the Net West charging 1 per cent of the loan with a limit of £100 while other banks charge 1 per cent for the work involved in submitting the application.

success of the scheme by the amount of money that has already been granted—with the banks giving small companies with any degree of risk no other choice but the loan scheme.

Companies paying 2 1/2 per cent interest above base rate to the bank + 3 per cent to the Government—which paid three months in advance—approximately 3 1/2 per cent—are thus paying an horrendous 5 1/2 per cent over base rate!

It should surely not be beyond the skill of the Govern-

Marconi and the torpedo deal

From the Managing Director, Marconi Company

Sir—The article headed "Defence Ministry puts tighter controls on torpedo deal" (January 8) contains a number of inaccuracies which, unfortunately, could be misleading to the taxpayer as to cost and potentially damaging to export prospects.

The statement that £920m had been spent on Stingray by 1979 is not correct. The total spent by Marconi and British industry on Stingray by June 1979 was £67m and today is about £240m.

The history of Marconi's contractual position is inaccurate. For almost eight years prior to 1979 Marconi had worked on the project as a major subcontractor to the Ministry of Defence on a cost plus basis.

Stumbling and unsure but it is progress

From Mr R. Britton

Sir—Although unfashionable to do so, your refreshingly optimistic editorial (December 31) reminds us that, despite everything, our civilisation is making progress albeit in a somewhat stumbling and unsure fashion.

You would have done well also to point out that, seen in the context of such progress, those whose political, economic and moral thinking depends upon the preservation and renewal of the old industrial order are no longer the revolutionaries they have so vociferously proclaimed themselves to be.

Richard Britton, "Crooklets," High Street, Skrewton, Salisbury, Wilt.

£18m awash in missing bottles

From the Sales and Marketing Director, A. G. Barr and Co

Sir—Maurice Samuelson's article on packaging (January 5) raises a persistent misconception that it is industry which dislikes the returnable bottle.

We support the returnable bottle system and try to improve it. In the last 12 months the trippage within this company's business has improved against a previous trend of declining trippage.

PET is certainly an excellent pack for bulk purchase, but please do not perpetuate the idea that the returnable bottle is dead, or indeed, dying.

Successful selling to Japan

From Sir Michael Wilford

Sir—It is not my function to defend the Japanese against the accusations made by Mr de Saxe (January 6), but as a former ambassador in Japan I do feel obliged to defend British exporters whose efforts are belittled by him.

Turning to the heavyweight torpedo, the U.S. Navy's MK 48 is not the weapon which was offered in competition with the Marconi 7525.

Lombard Why Europe lags in electronics

By Giles Merritt in Brussels

IT IS in the small, somewhat undistinguished, conference rooms of the EEC Council of Ministers' Charlemagne building next to the Brussels Berlaymont that Europe's grander strategies usually bite the dust.

It is there that the expressions of political will made by the EEC's "1st XI," the heads of Government of the Ten and the Commission President, as their three-yearly summits tend to hit the immovable objections of national politics.

The political realities that have prevented the Community from adopting measures that could help develop the European "telematics" market into one as large and dynamic as those of the U.S. and Japan are at first sight petty.

The aim of the telematics strategy was to make a concerted push to get the Community into the forefront of the micro-technology revolution.

With Brussels Commission forecasts suggesting that the present \$6bn world market for telematic equipment will have exploded to \$60bn by the end of the 1980s, member governments have been in general agreement on the need to catch up with the Japanese and American frontrunners.

However, the Commission's findings in this area have varied. In Lombard's recent bid for House of Fraser, another leading Scottish registered company, the MMC panel was not convinced that a takeover would have "special adverse consequences for Scotland."

The outcome of the battle for the Royal Bank is still an open question. The Government has the power to overturn the negative advice of the MMC. Such a move would be most unusual, but not unprecedented.

In January, 1980, the European Commission responded to all these pressures—and, indeed, to its own internal warnings since 1974 on losing the micro-electronics race—with a formal six-point programme.

Advertisement for American Express Bank featuring a stylized graphic of a person holding a torch and the text 'NATURAL RESOURCES DEVELOPMENT' and 'American Express Bank'.

UK COMPANY NEWS

'Creditable' £10.6m from Magnet & Southern

A CREDITABLE profit statement has been turned in by Magnet and Southern, manufacturer of prepared joinery, doors and ancillary products, says Mr S. Oxford, the chairman.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date, Corrected payment, Total last year, Total year to date.

Improved trend at Wheway

Including an exceptional credit of £75,000, pre-tax losses of Wheway Watson Holdings were reduced to £413,000 for the 26 weeks ended October 3, 1981, compared with £594,000 for the previous 27 weeks.

Carclo rises sharply and sees similar second half

ALTHOUGH TURNOVER declined by almost £1m to £13.4m, taxable profits of Carclo Engineering Group advanced sharply from £468,000 to £985,000 for the half year to September 30 1981.

Braid losses reduced

SECOND-HALF taxable losses of Braid Group were sharply reduced from £62,577 last time to £13,164 and for the year as a whole to September 30 1981 this vehicle distributor finished £37,184 in the red pre-tax, compared with £27,577. Turnover was lower at £28.69m, against £28.47m.

A. G. Barr expands to £3.28m

WITH VIRTUALLY all of the increase in pre-tax profits at A. G. Barr and Co. coming in the second period, this soft drink manufacturer finished the 53 weeks to October 31 1981 with £3.28m, compared with £2.57m for the previous 52 weeks.

Mr Robin Barr, chairman, says the absence of sustained summer weather and the effect of recession adversely affected the percentage increase in turnover for the 53 weeks, but favourable container prices enabled the group to keep the average price increase of its products well below the retail price index.

During the current year Barr has budgeted to spend approximately £21m on fixed assets within its national network of manufacturing plants and distribution depots.

Tomkins rises in first half

ALTHOUGH AFFECTED by activity in France, which came into recession some nine months behind home trade, pre-tax profits of F. H. Tomkins expanded from £208,000 to £384,000 for the half-year to October 31 1981.

Ellis & Everard ahead midway

Taxable profits of Ellis and Everard, industrial chemical distributor, rose from £701,000 to £803,000 for the six months to October 31 1981 after net interest charges of £31,000, compared with £52,000. Turnover grew ahead at £16.29m, against £15.08m.

Mr Simon Everard, the chairman, believes the company has weathered the worst of the recession and although trading conditions remain "anything but easy" he is hopeful that full year results will reflect progress and growth.

Tisbury rights extension

THE FINAL date for acceptance in the £206,000 rights issue of unquoted Tisbury Brewery is being extended from January 7 to January 21.

The Wellcome Foundation Limited Report for the year ended 29 August 1981

Table with columns: 1981, 1980, Group employed, Group sales, Expenditure on research and development, Profit before tax, Profit after tax, Distribution to shareholders.

"Group sales were £500 million against £442 million for the previous year," says Mr A. J. Shepperd, chairman of The Wellcome Foundation Limited, in his annual review. Group profit before tax was £50.1 million compared with £49.3 million.

Hallam Sleight omits pref. dividend

Hallam Sleight and Cheston, the loss-making general engineering group which trades under the Widney name, is not paying the preference dividend which was due on December 31 1981.

Paradise up sharply at midyear

Sharply increased mid-year sales and profits are announced by B. Paradise, the furs and leather group in which R. and J. Pullman has a 30 per cent holding.

Polly Peck chief explains item noted by auditors

AUDITORS Stoy Hayward have drawn attention to a note in the accounts of Polly Peck (Holdings) which spells out details of substantial sales to Nadir Holdings Co—a company jointly owned by Mr Asil Nadir, Polly Peck chairman and managing director, and his father Mr I. Nadir.

The original plan was to start the packaging plant in September 1980. However market research established that the sales potential was greater than had been envisaged.

Albany Life new annual premiums up 56% to top £9.4 million in 1981

Table showing results for the year ended 31st December 1981 compared with 1980, with columns for New Annualised Premiums, New Unit-Linked Single Premiums, and percentage increase.

Albany Life Assurance logo and text: A member of the £4,000 million American General Corporation Group of Insurance Companies.

Improvement by Murray Northern

Revenue of Murray Northern Investment Trust advanced from £449,824 to £547,772 for the half year to November 30 1981, struck before tax at £215,212, against £170,466.

Excellent year for linked life operations

LAST YEAR was excellent for unit-linked life and pensions business, according to figures now being released by the linked life companies and by the linked operations of traditional life companies.

The launch on February 26 and £200,000 of annual premiums from September 30. The Society had a very good year in 1981 for many sectors of its business.

LONDON TRADED OPTIONS table with columns: Option, Ex-rose price, Closing offer, Vol., Closing offer, Vol., Closing offer, Vol., Equity close.

M. J. H. Nightingale & Co. Limited advertisement with table of 1981-82 High/Low, Company, Price/Change, and Gross Yield.

HOWARD AND WYNDHAM

The dividend due this month on Howard and Wyndham's 9 per cent convertible cumulative redeemable preference shares 1989 and the 10 per cent special convertible preference shares 1989 will not be paid.

ERMITAGE EXTERNAL FUND advertisement: 7th January 1982, Bid U.S.\$146.44, Offer U.S.\$147.92.

CORAL INDEX, THE TRING HALL USM INDEX, and OIL INDEX advertisements.

Wellcome moves ahead to £50m

GROUP SALES of the Wellcome Foundation... The following companies have notified dates of board meetings to the Stock Exchange...

BOARD MEETINGS

Table listing board meetings for various companies including Wellcome, Anglo Siam, and others, with dates and locations.

In current cost terms, pre-tax profits were ahead from £32.6m to £37.7m... Capital expenditure in the UK almost doubled in the year to £21.2m...

ORE well over target and expecting further growth

CONTINUED expansion of its services and rental of equipment... The directors are confident that the company has excellent prospects for maintaining its growth trend in the current year...

Lancaster Carpets buys Homfray from receivers

BY DUNCAN CAMPBELL-SMITH... Homfray and Company, the West Yorkshire carpet manufacturer, which went into receivership on October 30, has been bought from the receivers by Lancaster Carpets...

Renwick in Western Fuel deal

Renwick Group, controlled by South African businessman Mr. Graham Beck, through his private company, Kangra International, is selling its half share of the fuel-distribution business of Western Fuel to its partner British Fuel for £4.15m cash...

KCA looking to sell 30% holding in Berkeley Ex.

Mr. Paul Bristol, chairman and chief executive of KCA International, the oil servicing and contracting group, yesterday confirmed that the group's strategic 30.36 per cent holding in Berkeley Exploration and Production was up for sale...

U.S. power company files uranium anti-trust suit

BY GEORGE MILLING-STANLEY... LONDON'S Rio Tinto-Zinc and two of its subsidiaries have been named in a summons by a U.S. power company, alleging antitrust activities in the supply of uranium...

Tin production Cleveland Potash Jordan hopes to develop copper mine

SOME GOOD tin concentrate output figures are announced for December from the Eastern tin producers... Following the setback caused by the temporary shutdown of the dredge, Tongkah Harbour has made up some lost ground...

Reed to acquire Essex County Newspapers

Reed International, publishers of the Mirror and other newspapers, is to take over Essex County Newspapers... Essex County Newspapers produces seven weeklies and one evening newspaper...

Anglo American Industrial Corporation Limited (AMIC) DE BEERS INDUSTRIAL CORPORATION LIMITED (DEBINCOR)

REDEMPTION OF DEBINCOR 5.5 PER CENT CUMULATIVE PREFERENCE SHARES AND 12.25 PER CENT CUMULATIVE REDEEMABLE PREFERENCE SHARES... It was announced on January 5 1982 that the Debincor 12.25 per cent cumulative redeemable preference shareholders had passed a resolution...

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol., Last, and Stock prices for various companies like Anglo Siam, Anglo Siam, etc.

Initial investments for English & Caledonian

English and Caledonian Investments, the venture capital organisation, launched last month its first two investments, both in the micro-computer industry... English has taken a 12 per cent stake in CPU Computers...

SHARE STAKES

Sturris Holdings - Park Place Investments has disposed of 450,000 ordinary shares... Reliant Motor - T.M. Trading has purchased a further 25,000 ordinary shares...

Matthew Brown PLC. Lion Brewery Blackburn. RESULTS AT A GLANCE - in £'000. 1981 (53 weeks) 1980 (52 weeks). Turnover 30,919 25,605. Profit before tax 5,044 4,048.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

Table listing various offshore and overseas funds with columns for fund name, manager, and performance metrics.

Table listing various unit trusts with columns for fund name, manager, and performance metrics.

CURRENCIES, MONEY and GOLD

Dollar improves

The dollar was mostly firmer in currency markets yesterday, reflecting a firmer trend in Euro-dollar rates. This followed Friday's smaller than expected fall in U.S. money supply...

THE POUND SPOT AND FORWARD

Table showing pound spot and forward rates for various currencies.

THE DOLLAR SPOT AND FORWARD

Table showing dollar spot and forward rates for various currencies.

CURRENCY MOVEMENTS

Table showing currency movements and changes for various currencies.

OTHER CURRENCIES

Table showing other currencies and their exchange rates.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various currencies.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 11)

Table showing FT London interbank fixing rates for various currencies.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table showing Euro-currency interest rates for various currencies.

MONEY MARKETS

London clearing bank base lending rates 14 1/2 per cent (since December 4) influenced London money market rates yesterday...

GOLD

In Paris the 12 1/2 kilo bar was fixed at FF 72,000 per kilo (US\$92.25 per ounce) in the afternoon compared with FF 74,000 (US\$99.52) on Friday afternoon...

LONDON MONEY RATES

Table showing London money rates for various currencies.

METALS EXPLORATION LIMITED Important Notice to Shareholders of North Kalgurl Mines Limited CASH OFFER DEADLINE Metals Exploration's Cash Offer of \$A1.50 for each 30c share in North Kalgurl, up to a maximum of 15 per cent of the issued capital, closes on 22nd January.

WE THE LIMBLESS, LOOK TO YOU FOR HELP We come from both world wars. We come from Korea, Kenya, Malaya, Aden, Cyprus and from Ulster. Now disabled, we must look to you for help. Please help by helping our Association, BLESMA. BLESMA looks after the limbless from all the Services. It helps to overcome the shock of losing arms, or legs or an eye, And for the severely handicapped, it provides Residential Homes where they can live in peace and dignity. Help the disabled by helping BLESMA. We promise you that not one penny of your donation will be wasted.

FRANCE Intervention rate 14.75, Overnight rate 15.25, One month 15.25, Three months 15.25, Six months 15.25. JAPAN Discount rate 5.50, Call (unconditional) 6.375, Bill discount (three-month) 6.3125.

INTERNATIONAL COMPANIES and FINANCE

Austrian bond issue first in DM 1.13bn calendar

WEST GERMAN banks agreed yesterday to finance DM 1.13bn of new foreign bonds in the next four weeks...

Swiss banks seek co-operation with SEC

SWISS BANKS are to look for ways to prevent their implication in insider deals on the American stock market...

International Harvester in new plan to raise cash

INTERNATIONAL Harvester, number two in the world list of farm equipment manufacturers...

Fiat sells U.S. credit unit stake

FIAT, holding company of the Italian motor group, has sold its 50 per cent stake in Fiat Credit Corporation (FCC)...

MGM Grand plans stock swap

MGM GRAND HOTELS plans to exchange about a third of its common stock for a new issue of redeemable preferred stock...

Higher profit at Teledyne

TELEDYNE, THE Engineering and electronics group which is a major shareholder in International Harvester...

The number two U.S. air freight concern is fighting back. Carolyn Hyde reports

Emery air cargo group sees red

MR JOHN EMERY, chairman of Emery Worldwide, the second largest U.S. air cargo company, has taken to weeding red trees...

FT INTERNATIONAL BOND SERVICE

The list shows the 20th latest international bond issues for which an adequate secondary market exists...

Table with columns for U.S. DOLLAR, DEUTISCHE MARK, STRAIGHTS, CONVERTIBLE, and OTHER STRAIGHTS, listing various bond issues and their yields.

Intel wins agreement on debt plan

INTEL CORPORATION, the former computer leasing company, has reached agreement in principle with its unsecured creditors...

WMC Finance Limited

Advertisement for WMC Finance Limited, featuring a logo and text: 'U.S. \$50,000,000 15 1/2 per cent. Guaranteed Notes due 1988' and listing various international banks and financial institutions.

National Steel profit down

NATIONAL STEEL, with largest of the U.S. steelmakers, achieved a 'modest profit' in the final quarter of fiscal 1981...

### Companies and Markets INTL. COMPANIES & FINANCE

All of these Securities have been sold. This announcement appears as a matter of record only.

**\$600,000,000**

# International Bank for Reconstruction and Development

**\$250,000,000 14 1/2% Five Year Notes of 1981, due December 15, 1986**  
**\$250,000,000 15% Seven Year Notes of 1981, due December 15, 1988**  
**\$100,000,000 15 1/2% Ten Year Notes of 1981, due December 15, 1991**

Interest payable June 15 and December 15

**MORGAN STANLEY & CO.**  
*Incorporated*  
**THE FIRST BOSTON CORPORATION**  
**SALOMON BROTHERS INC.**  
**GOLDMAN, SACHS & CO.**

**MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP**  
*Merrill Lynch, Pierce, Fenner & Smith Incorporated*

<b>ATLANTIC CAPITAL</b> <i>Corporation</i>	<b>BACHE HALSEY STUART SHIELDS</b> <i>Incorporated</i>	<b>BASIS SECURITIES CORPORATION</b> <i>Incorporated</i>
<b>BEAR, STEARNS &amp; CO.</b>	<b>BLYTH EASTMAN PAINE WEBBER</b> <i>Incorporated</i>	<b>DILLON, READ &amp; CO. INC.</b>
<b>DONALDSON, LUFKIN &amp; JENRETTE</b> <i>Securities Corporation</i>	<b>DREXEL BURNHAM LAMBERT</b> <i>Incorporated</i>	<b>LAZARD FRERES &amp; CO.</b> <i>Incorporated</i>
<b>E.F. HUTTON &amp; COMPANY INC.</b>	<b>KIDDER, PEABODY &amp; CO.</b> <i>Incorporated</i>	<b>L. K. ROTHSCHILD, UNTERBERG, TOWBIN</b> <i>Incorporated</i>
<b>LEHMAN BROTHERS KUHN LOEB</b> <i>Incorporated</i>	<b>SMITH BARNEY, HARRIS UPHAM &amp; CO.</b> <i>Incorporated</i>	<b>WARBURG PARIBAS BECKER</b> <i>Incorporated</i>
<b>SHEARSON/AMERICAN EXPRESS INC.</b>	<b>DEAN WITTER REYNOLDS INC.</b>	

December 23, 1981

## Swedish bank sets trading targets

By William Dullforce  
Nordic Editor, in Stockholm

TRADING in bonds and an attempt to stimulate the secondary market in bank certificates (certificates of deposit) will be among the initial targets for Carnegie-Montagu, Sweden's first merchant banking venture, according to its chairman, Mr Staffan Gadd.

Mr Gadd is chief executive of Samuel Montagu, the London merchant bank which has subscribed 45 per cent of the stock in Carnegie-Montagu. Of the Swedish investment company holds 45 per cent and the Skandia insurance company the remaining 10 per cent.

Agreement to establish the new venture was signed on Sunday. Yesterday the board confirmed the appointment of Mr Krister Wallin as Carnegie-Montagu's first managing director.

Mr Wallin, at present finance director of ASEA, the Swedish heavy electrical group, has worked for the Swedish Investment Bank and is experienced in both international and Swedish domestic banking.

Mr Gadd described the inclusion of Skandia as important. The Swedish insurer was very active in London, New York and Tokyo and would be a fruitful link for both Carnegie-Montagu and Samuel Montagu itself.

Carnegie-Montagu will start a portfolio management business as another "bread and butter" operation alongside its trading in bonds and bank certificates.

Takeovers calling for the advice of a merchant bank are not too frequent in Sweden, but Mr Gadd emphasised the lack of independent, neutral consultants for companies which run into financial trouble. The Swedish banks usually have claims to protect.

Carnegie-Montagu will not be able to call itself a merchant bank, for which there is no term in Swedish, and it will have to work under current Swedish regulations for finance companies.

Capitalisation is SKr 33m (\$6m), of which SKr 22m is share capital. Carnegie-Montagu hopes to be fully operative "in a few months" after obtaining official sanctions. It expects to build up a staff of 10 to 15 in the first year.

Other Swedish finance houses are reported to be looking for foreign partners, British or American, to follow Carnegie-Montagu's example. Mr Gadd said it would be "all to the good" if more players entered Swedish secondary markets and helped to accustom people to the concept of merchant banking.

Mr Gadd, a Swede, underlined the need for long recognised by Swedish companies, banks and the Riksbank (central bank) for a broadening of the Swedish bond market and the establishment of functioning secondary markets.

Swedish bankers see Samuel Montagu's Swedish venture as also preparing for the entry into Swedish banking of its parent, Midland Bank of the UK, once the barriers for foreign banking operations are lifted. A commission appointed by the Government is studying the matter.

# France blocks Thomson's U.S. computer venture

BY TERRY DODD SWORTH IN PARIS

THE French Industry Ministry has vetoed a Franco-American computer co-operation deal as the first of several intervention moves aimed at developing France's own electronics industry.

The Ministry's decision puts an end to plans for a link between SEMS, a subsidiary of the Thomson electrical group, and Systems Engineering Laboratories of Florida. Talks between the two companies began last summer, leading to an outline agreement for the French group to manufacture SEL's range of sophisticated mini-computers under licence.

As an alternative to this arrangement, Thomson has been told by the Government to open talks with CII Honeywell Bull, France's leading computer group, on the development of common components.

The significance of this Industry Ministry dictat is that it marks the beginning of a new attempt to find a French solution to weakness of the domestic computer industry. Both Thomson and CII are to become vehicles for French expansion

in this sector following their nationalisation within the next few weeks.

One of the fundamental ideas of this development is that it should ensure greater independence from U.S. technology, giving a degree of French mastery over the whole of the manufacturing process for computers, from chip production to the finished articles. Thus a number of further reorganisations and collaboration agreements involving other small computer companies can be expected as the new policy begins to be put into operation.

The biggest question mark over this restructuring is posed by CII, which moved into heavy losses last year after a brief period of profits in the wake of the last Government's support scheme.

CII will need more aid if it is to survive in its present form and develop new products—a problem that will become even more acute if Honeywell Information Systems, the U.S. group which holds a 47 per cent stake in CII, is persuaded to reduce its participation in line with

the Government's nationalisation plans.

Under CII's present structure, it would have been able to team up with Thomson, its leading shareholder, for this financial help. But the Government is now considering a project to divorce the computer company from Saint Gobain and refinance it as an independent business in which CII may hold a much-reduced minority stake.

The Ministry has made it clear that this planned reorganisation of CII, although probably involving some collaboration with Thomson, will not mean a merger.

While CII is firmly embedded in the medium-size computer market, Thomson's role will be in the smaller computer industry, where France has a cluster of moderately-sized companies. These companies, which include the recently-rescued Logabar, received substantial aids from the last Government. But the relative weakness of the industry is demonstrated by a decision of the new Government to earmark a further FFr 600m (\$105m) of assistance for the sector.

# Weak sales hit German retailers

BY KEVIN DONE IN FRANKFURT

WEST GERMANY'S leading department store groups have been hit hard by the depressed state of retail sales.

Kaufhof, the country's second largest department store group, said yesterday that group turnover fell by 1.7 per cent in 1981 to DM 8.65bn, while the sales of its main department stores operations dropped by 4.9 per cent to DM 5.75bn.

Karstadt, the country's leading stores group, reported a rise of 3.2 per cent in the turnover in its 155 stores to DM 9.8bn, but this increase was chiefly the

result of the special promotions launched to boost sales in the company's 100-year jubilee.

Karstadt continues to be burdened too by the performance of the various subsidiaries taken over from the ailing Neckermann concern.

NUR, Neckermann und Reisen, Karstadt's travel subsidiary, suffered a drop of 5.2 per cent in the number of holidays booked in the year to the end of October 1981, although turnover showed a marginal nominal increase of 0.6 per cent to DM 1.2bn.

The Neckermann mail order operation suffered a drop of 2.2 per cent in sales to DM 1.638bn, while the factory-built housing subsidiary reported a fall of 36.8 per cent in the value of houses completed in 1981.

Kaufhof enjoyed greater success from its subsidiary operations and its mail order operation, Friedrich Wenz, booked sales by 8.7 per cent to DM 497m. ITS, its travel subsidiary, reported an increase of 7 per cent in holiday bookings in 1981 and a rise in sales of 14 per cent to DM 430m.

# Ciba to show increased sales and profits for 1981

BY OUR FINANCIAL STAFF

CIBA-GEIGY, the Swiss-based chemical group, expects to unveil higher sales and profits for 1981.

Turnover in most product sectors grew faster than the average inflation rate and earnings also improved, Mr Louis von Planta, the president, writes in an employee newsletter.

The company's performance is "remarkable" considering the difficult situation of the European chemical industry. However, it gained from the weakness of the franc in the

first and third quarters of the year, he explains.

In 1980 group net profit fell to SwFr 805m (\$187m) from SwFr 927m in 1979 on turnover of SwFr 11.91bn, against SwFr 9.89bn.

The outlook for 1982 remains mixed, Mr von Planta says. The franc has firmed and the recessionary tendencies among industrialised nations have spread.

A large part of Ciba's 1981 turnover and earnings was accounted for by agricultural and pharmaceutical products.

# Samsung holds TV plant talks in Portugal

By Diana Smith in Lisbon

NEGOTIATIONS are under way for a \$5m joint venture between Samsung of South Korea and Emacet of Portugal, and a UK company to produce 150,000 colour television sets a year mainly for export, at a new factory outside Lisbon.

If negotiations are successful, Samsung will hold 55 per cent of the capital, Emacet 35 per cent, and Product Reuniones International of the UK 10 per cent. Samsung, one of Korea's leading companies, and PRI said they did not want to comment on the proposed deal while talks were still under way.

This would be the first South Korean venture in Portugal, where the authorities are eager to attract new investment from the Middle and Far East, especially in export-oriented products. The venture must be authorized by the Foreign Investment Institute.

# Daf Trucks' second half recovery

DAF TRUCKS, the Dutch truck maker in which International Harvester of the U.S. has a major shareholding, made a profit last year in contrast to earlier expectations of a loss, writes our Financial Staff.

The company made a profit of Fl 23.8m in 1980, and yesterday board chairman Piet van Doorne said that a recovery in second half trading had left Daf in the black overall in 1981. Results were negative in the first 1981 half but showed an improvement thereafter.

of Fl 23.8m in 1980, and yesterday board chairman Piet van Doorne said that a recovery in second half trading had left Daf in the black overall in 1981. Results were negative in the first 1981 half but showed an improvement thereafter.

# Dutch bank sees growth

By Charles Batchelor in Amsterdam

GROSS PROFITS of Algemeene Bank Nederland (ABN) rose strongly last year but increased debt provisions meant the growth at net level was smaller. The net result continued the trend of recent years to show a fairly gradual growth of profits, said Mr P. J. Kalff, a member of the managing board.

Foreign business contributed sharply higher profits and turnover while growth in the Netherlands was more gradual. ABN opened five new foreign offices last year and offices already established improved their results significantly.

The further increase in debt provisions follows the doubling of these provisions in 1980 to Fl 300m (\$121m). In 1980 profits rose by 13 per cent to Fl 309m on a balance sheet which increased by 25 per cent to Fl 109bn.

This announcement appears as a matter of record only

# BANCO URQUIJO, S.A.

560,000 shares of Pts 1000 each par value evidenced by International Depositary Receipts

have been purchased by

**Lazard Brothers & Co., Limited**

and placed privately with institutions in the United Kingdom

Stockbrokers to Banco Urquijo, S.A.: E. B. Savory, Mills & Co.

Depository: Morgan Guaranty Trust Company of New York

London, December 1981

# HITACHI & COMPANY

ORDINARY BDRs ISSUED BY CITIBANK N.A. NOTICE IS HEREBY GIVEN that a dividend due to holders of BDRs as at September 30th 1981 may now be claimed at the rate shown below on presentation of coupon no. 26 detached from BDRs of 10 shares each and coupon no. 21 detached from BDRs of 80 shares each to the undersigned.  
Gross Dividend per Share = US\$0.01771  
Less 15% Japanese Withholding Tax = US\$0.00267  
Net Dividend = US\$0.01504  
United Kingdom Income Tax at the reduced rate of 15% in the £ will be deducted from the amount of this dividend except in cases where coupons are accompanied by a United Kingdom Inland Revenue affidavit of non-residence.  
Citibank N.A.  
11, Old Jewry  
London EC2

# NETSU & COMPANY

ORDINARY BDRs ISSUED BY CITIBANK N.A. NOTICE IS HEREBY GIVEN that a dividend due to holders of BDRs as at September 30th 1981 may now be claimed at the rate shown below on presentation of coupon no. 26 to the undersigned.  
Gross Dividend per Share = US\$0.01771  
Less 15% Japanese Withholding Tax = US\$0.00267  
Net Dividend = US\$0.01504  
United Kingdom Income Tax at the reduced rate of 15% in the £ will be deducted from the amount of this dividend except in cases where coupons are accompanied by a United Kingdom Inland Revenue affidavit of non-residence.  
Citibank N.A.  
11, Old Jewry  
London EC2

NEW ISSUE

All these securities having been sold, this announcement appears as a matter of record only.

December 1981



# SAKAI HEAVY INDUSTRIES, LTD.

(Sakai Jukogyo Kabushiki Kaisha)

U.S. \$15,000,000

5 1/2 PER CENT CONVERTIBLE BONDS DUE 1996  
ISSUE PRICE 100 PER CENT

The Nikko Securities Co. (Asia) Limited  
Morgan Guaranty Pacific Limited  
Tokyo Finance (Asia) Limited  
Hill Samuel Pacific Limited  
Smith Barney, Harris Upham International (Asia) Incorporated

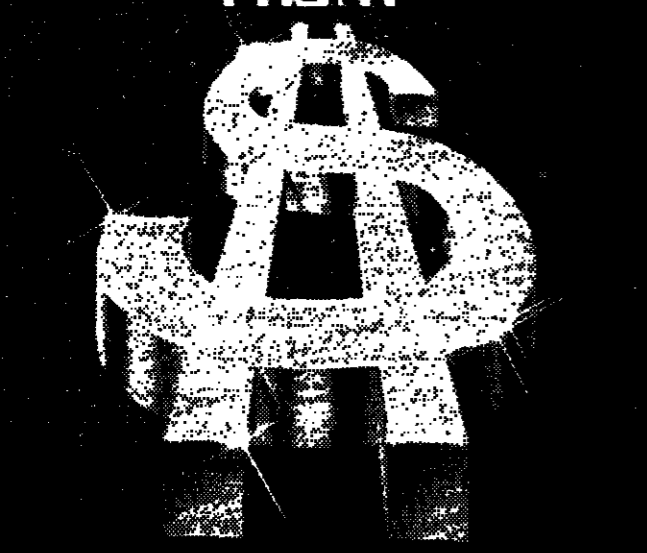
DBS-Daiwa Securities International Limited  
Nippon Kangyo Kakumaru (Asia) Limited  
Al-Mal Group  
Kuwait International Investment Co. s.a.k.  
Societe Generale Singapore Branch

Dai-ichi Kangyo Finance (Hong Kong) Limited  
IBJ Finance Company (Hong Kong) Limited  
Mitsui Finance Asia Limited

Daiwa Overseas Finance Limited  
Lung Yuen Finance Co. Ltd.  
Orion Royal Pacific Limited

Fuji International Finance (HK) Limited  
Mitsubishi International Finance Limited  
Sanwa International Finance Limited  
Yamaichi International (H.K.) Ltd.

# PROFIT



Profit. It's your bottom line... and it's the reason Louisiana has been a leader in new business expansion for the last four years in the U.S.A. Louisiana believes in business, and we're ready to prove it to you. Louisiana's pro-business laws are contributing factors, but that's not all. We have a large available work force that we will train to meet your needs at no charge. We'll work with you to find the best location. We'll assist in securing financing, and a lot more.

Write on your company letterhead for our free report on LOUISIANA WORKS Louisiana Department of Commerce, Dept. C 16 Avenue Victor Hugo, 7816 PARIS, France. Telephone 133-11 502-1399. Telex 520 353 P

# ZENTRALSPARKASSE UND KOMMERZIALBANK WIEN

(Founded as a savings institution by resolution of the City Council of Vienna)



Floating Rate Subordinated Notes Due 1991

In accordance with the provisions of the Notes, notice is hereby given that in the six month Interest Period from 11th January, 1982 to 12th July, 1982 the Notes will carry an Interest Rate of 14 1/4% per annum and the Coupon Amount per U.S. \$5,000 will be U.S. \$377.59.

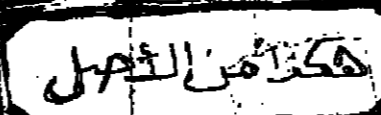
Credit Suisse First Boston Limited Agent Bank

# EUROBONDS

The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times. It will be published on the following dates:

1982	TUESDAY 13th JULY
WEDNESDAY 13th JANUARY	WEDNESDAY 18th AUGUST
MONDAY 15th FEBRUARY	TUESDAY 14th SEPTEMBER
THURSDAY 18th MARCH	WEDNESDAY 13th OCTOBER
WEDNESDAY 12th APRIL	THURSDAY 11th NOVEMBER
WEDNESDAY 12th MAY	TUESDAY 14th DECEMBER
WEDNESDAY 18th JUNE	

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**INTERNATIONAL COMPANIES and FINANCE**

**Powertech acquires control in Lascon**

By Jim Jones in Johannesburg

**POWERTECH TECHNOLOGIES** (Powertech), the South African electrical products company, is to acquire a controlling interest in the privately owned Lascon Lighting Industries, the country's largest manufacturer of commercial and industrial lighting. The acquisition is retroactive to July 1 1981.

Powertech is acquiring 3,026 shares, the equivalent of 50.2 per cent of Lascon's issued capital, for R11.4m (\$11.9m) cash. A further 2,528 shares, equivalent to 41.5 per cent of Lascon's share capital, are being acquired by Allied Electronics (Altron) for R9.95m cash. Altron's main asset is a 56.6 per cent interest in the electronics company, Allied Technologies (Altech), which in turn owns 63 per cent of Powertech.

Powertech is raising the funds for its purchase by a rights issue to Altech of 12.3m nine per cent convertible preference shares of one Rand each. Altech has in turn re-nounced 37 per cent of these shares in favour of Powertech minority shareholders. Preference shares will be convertible on March 1 1985 into Powertech ordinary shares of 60 cents each, in the ratio of five ordinary shares for three preference shares.

In the year to June 1981 Lascon earned after tax profits of R4.1m on sales of about R60m. In the 6 months to December its profit improvement was consistent with that of the rest of the industry, say the directors.

In the year ended February 1981, Powertech's turnover was R22.4m and after tax profits R1.18m. Had the Lascon acquisition been effective in that year, Powertech earnings would have increased from 5 cents to 8.8 cents a share, said the directors. The effect of the transactions on Altron could be to boost earnings per share by 9 cents to 72.4 cents a share.

**Hambros near agreement on Reksten tanker debts**

BY FAY GJETER IN OSLO

**HAMBROS BANK**, the UK merchant bank, appears to have made an additional concession in an attempt to safeguard the agreement it reached last month with the Norwegian State-backed Guarantee Institute and creditors of the troubled Reksten tanker group.

The agreement, which involved nine of Reksten's fleet of 12 tankers, was threatened because some creditors—those with interests in the three ships not party to the agreement—refused to relinquish their right to sue the bank. It is understood that a condition of the deal was that all of Reksten's creditors would agree not to sue.

Now two of the four Norwegian ship mortgage com-

**Nissan in unsecured bond issue**

By Richard C. Hanson in Tokyo

**NISSAN MOTOR**, Japan's second largest vehicle manufacturer after Toyota, will issue next month ¥60bn of unsecured convertible debentures in the Tokyo market. This will be only the second time a Japanese company has been allowed to float a bond without a mortgage on physical assets, following Matsushita Electrical Industrial in 1979.

Nissan will use the proceeds of the issue, convertible until March 1988, to finance part of its ambitious capital spending programme in Japan.

Last year, the company raised money by issuing 60m shares in Europe, in the form of European Depository Receipts and £50m in a sterling convertible bond issue.

Meanwhile, the company is expected shortly to decide whether it will go ahead with a plan to build a major assembly plant in the UK.

**Arabs lend more via Bahrain**

BY MARY FRINGS IN BAHRAIN

**BAHRAIN HAS** become a more important channel for Arab funds over the past year, according to the Governor of the Bahrain Monetary Agency (BMA), Mr Abdullah Saif.

At the end of September, Bahrain offshore banking units (OBUs) were borrowing US\$ 8.1bn net from Arab countries. The OBUs lent US\$5.2bn of that to Asia and Latin America, and US\$2.6bn to Western Europe. The year earlier figures were US\$4.6bn, US\$3.4bn, and US\$ 1.4bn respectively.

Mr Saif said the increased volume of outward flows reflected the activity of major Arab banks in the market.

**Japan expands ship subsidies**

**THE JAPANESE** interest rate subsidised shipbuilding programme will be expanded in the year to March to 1.84m gross from the planned 1.24m tonnes, Reuter reports from Tokyo. Gross tonnage built under the programme in the previous financial year was 1.64m.

**Foreign bond issues in Kuwait**

**EIGHT** Kuwait investment and financial houses made international bond issues totalling \$1.47bn in the seven years ended last December, AP reports.

The issues were made for 64 international borrowers in 18 countries including Japan, France, Sweden, Finland, Spain and Yugoslavia.

The Kuwait houses that led, co-managed, and contributed to the bond issues were the Kuwait International Investment Company, Kuwait Foreign

**NTN Toyo capacity**

**PRODUCTION** capacity at NTN Toyo Bearings Dusseldorf plant is 2.5m bearings per month, not 2.5m per year as stated in an article on January 5.

**CONTRACTS AND TENDERS**



**TENDER PREQUALIFICATION QATAR GENERAL PETROLEUM CORPORATION HEADQUARTERS BUILDING - WEST BAY**

Qatar General Petroleum Corporation will shortly invite bids for the complete construction contract for the New Headquarters Building, West Bay, Doha, Qatar.

The New Headquarters Building comprises approximately 21,000 square metres of high standard four storey offices over lower parking floors for approximately 340 cars. The New Headquarters is sited adjacent to the existing QGPC Headquarters and the works include various connections between the two buildings.

The works will comprise: piling by approved subcontractors, general building works, engineering services including air conditioning, finishings, fixed furniture and equipment and external works including planting. Facilities to be provided include a computer centre, cafeteria, office accommodation, conference rooms etc.

Only prequalified firms will be invited to participate. Acceptance for prequalification will be limited to firms who have during the last 5 years—built at least one project of similar type, size and quality and—executed at least 3 major projects in the Gulf area.

Interested firms should submit applications for prequalification in duplicate not later than January 21 1982.

1st copy to be sent to:—  
The Manager,  
Engineering and Construction Dept,  
QGPC (HQ),  
PO Box 3212,  
DOHA—QATAR.  
Telex: 4343 PETCOR DH

and 2nd copy to:  
Weidleplan Consulting GmbH,  
Planer Architekten Ingenieur,  
Postfach 30 08 09,  
D-7000 Stuttgart 30,  
WEST GERMANY.  
Telex: 722313 WEIDL D

in covers stating "PREQUALIFICATION—QGPC HEADQUARTERS BUILDING DOHA"

Application must include:—

- 1 Full details of company including forms of incorporation and clarification of relationship of any proposed joint venture.
- 2 Complete financial statements (audited) for the last five years including annual turnover in Qatar and the Middle East.
- 3 A list of current projects quoting value, involvement and percentage completed with contract completion date.
- 4 A list of comparable completed projects with brief details of value, involvement, programmed and actual dates of completion.

It is intended to invite bids in March 1982 from a selected list of prequalified firms who will be notified accordingly by QGPC.

The Tender period will be 12 weeks and Bills of Quantities will be provided. Tender bonds will be required.

The contract period will be approximately 27 months and the contract will be turnkey fixed price.

This announcement appears as a matter of record only

**IRELAND**

**£120,000,000**  
Medium Term Sterling Facility

arranged by

**Ulster Investment Bank Limited**

In conjunction with

**National Westminster Bank Limited**

managed by

Allied Irish Investment Bank Limited  
Amsterdam - Rotterdam Bank NV (London Branch)  
CIBC Limited  
County Bank Limited  
The Fuji Bank, Limited  
Irving Trust Company  
National Westminster Bank Limited  
The Royal Bank of Scotland Limited  
The Sanwa Bank, Limited  
Standard Chartered Bank (Ireland) Ltd.  
The Tokai Bank, Limited  
Ulster Investment Bank Limited  
The Yasuda Trust and Banking Company Limited

Agent

**International Westminster Bank Limited**

December 1981

This announcement appears as a matter of record only

**REPUBLIC OF AUSTRIA**

**US \$400,000,000**  
Medium Term Loan

Lead Managed by

Genossenschaftliche Zentralbank AG, Vienna	Creditanstalt-Bankverein
Girozentrale und Bank der österreichischen Sparkassen AG	Österreichische Länderbank Aktiengesellschaft
Algemene Bank Nederland NV	Amsterdam-Rotterdam Bank NV
BankAmerica International Group	The Bank of Nova Scotia Group
The Bank of Tokyo, Ltd.	Citicorp International Group
DG BANK Deutsche Genossenschaftsbank	Gulf International Bank B.S.C.
The Long-Term Credit Bank of Japan, Limited	Manufacturers Hanover Limited
Midland Bank Limited	National Westminster Bank Group
The Sumitomo Bank, Limited	

Managed by

Bank für Arbeit und Wirtschaft AG	The Bank of New York	DIE ERSTE österreichische Spar-Casse
The Fuji Bank, Limited	Österreichische Postsparkasse P.S.K.	Österreichische Volksbanken-Aktiengesellschaft
Salzburger Sparkasse	Steiermärkische Sparkasse	Zentralsparkasse und Kommerzbank, Wien

Co-Managed by

Österreichisches Credit-Institut Aktiengesellschaft	The Mitsubishi Trust and Banking Corporation	The Mitsui Bank, Limited
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Provided by

Algemene Bank Nederland NV Amsterdam-Rotterdam Bank NV	Allgemeine-Elsässische Bank AG Arab Jordan Investment Bank	Allgemeine Sparkasse in Linz Banco Espirito Santo e Comercial de Lisboa London Branch
Bank Bumiputra Malaysia Berhad The Bank of New York	Bank of America NT&SA Banque Nord Europe S.A.	Bank für Arbeit und Wirtschaft AG The Bank of Nova Scotia Channel Islands Limited
The Bank of Tokyo, Ltd. London Office	Bank Winter und Co KG	Bayerische Landesbank International S.A. Citibank (Austria) Aktiengesellschaft
Breisach Pirschhof Schoeller Bankkommanditgesellschaft, Vienna	Central Wechsel- und Creditbank Aktiengesellschaft	Dai-ichi Kangyo Bank Nederland NV The Fuji Bank, Limited
County Bank Limited DG BANK INTERNATIONAL Societe Anonyme	Creditanstalt-Bankverein DIE ERSTE österreichische Spar-Casse Genossenschaftliche Zentralbank AG, Vienna	Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft Kyowa Bank Nederland NV
F van Lanschot Bankiers (Curacao) NV	International Westminster Bank Limited	Midland Bank Limited
Gulf International Bank B.S.C.	Manufacturers Hanover Bank (Guernsey) Limited	The National Bank of Australasia Limited
The Long-Term Credit Bank of Japan, Limited	The Mitsui Bank, Limited	Österreichische Volksbanken-Aktiengesellschaft
The Mitsubishi Trust and Banking Corporation	Österreichische Postsparkasse P.S.K.	The Saitama Bank, Ltd.
Österreichische Länderbank Aktiengesellschaft	Philippine National Bank London Branch	The Sanwa Bank, Limited
Österreichisches Credit-Institut Aktiengesellschaft	Sanpaolo-Lariano Bank S.A.—Luxembourg	Steiermärkische Sparkasse
Salzburger Sparkasse	Sparkasse Innsbruck-Hall	Yamaichi International (Nederland) NV
Schoeller & Co. Bankaktiengesellschaft	The Sumitomo Trust and Banking Co., Ltd.	
The Sumitomo Bank, Limited		
Zentralsparkasse und Kommerzbank, Wien		

Agent  
**Creditanstalt-Bankverein**

December 1981

WORLD STOCK MARKETS

Early Wall St retreat of 7.2

NEW YORK

Table of New York stock market activity including volume, high, low, and change for various indices and sectors.

Table of New York stock prices for various companies, including columns for stock name, price, and change.

Table of New York stock prices for various companies, including columns for stock name, price, and change.

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INDICES

Table of Dow Jones and other major stock indices with columns for index name, value, and change.

Table of Standard and Poors indices with columns for index name, value, and change.

Table of international stock indices including Australia, Austria, Belgium, Denmark, France, Germany, Hong Kong, Italy, Japan, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, and Taiwan.

Table of international stock indices including Belgium/Luxembourg, Canada, Denmark, France, Germany, Hong Kong, Italy, Japan, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, and Taiwan.

Table of international stock indices including Belgium/Luxembourg, Canada, Denmark, France, Germany, Hong Kong, Italy, Japan, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, and Taiwan.

Table of international stock indices including Belgium/Luxembourg, Canada, Denmark, France, Germany, Hong Kong, Italy, Japan, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, and Taiwan.

Table of international stock indices including Belgium/Luxembourg, Canada, Denmark, France, Germany, Hong Kong, Italy, Japan, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, and Taiwan.

NEW YORK ACTIVE STOCKS

Table of New York active stocks with columns for stock name, price, and change.

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Notes and disclaimers regarding the data provided, including references to the source and any limitations.



7.2

COMMODITIES AND AGRICULTURE

Rising stocks highlight metals recession

BY ROY HODSON

THE BEHAVIOUR of metals stocks indicates that the world recession in basic metals is deepening. Weak demand for the commonly used industrial metals throughout the western world is being reflected in the high stocks now being carried in the metals warehouses.

Copper stocks also rose appreciably last week adding 2,075 tonnes to 128,625 tonnes. Copper was also helped by the weak pound in London trading yesterday and put on 22 to close at \$850.50 for cash.

Chicago exchange sets record

CHICAGO—Trading volume on the Chicago Board of Trade (CBOT) during 1981 was a record 49.1m contracts, up from 45.3m in 1980, CBOT announced.

It was the 12th consecutive record year and the 14th straight annual volume increase.

Open interest, however, dropped to 689,520 contracts in all commodities at the end of December 1981 from 1,082,284 at the end of December 1980. And volume during December 1981 was 4,378,756 contracts, off from 5,188,368 in December, 1980.

Freeze threatens UK farm production

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE PRESENT arctic weather followed a week's thaw in the south of England which raised farmers' hopes that they had seen the worst. The grass seemed greener and the autumn-sown wheat and barley began to grow quite strongly.

The snow followed a hard frost and this allowed it to blow off the fields and drift into the roads, which were blocked in places. In Hampshire we did not suffer the extremes of Wales and the West of England where the snowfall was much heavier.

There is plenty of fodder and the animals most at risk, the breeding ewes on the lowland farms, should be able to survive as long as there is enough hay and other feed. Very few will be lambing for three or four weeks yet.

Shortages forecast

CONTINUING arctic weather will cost Britain's farmers millions of pounds and leave consumers facing shortages and high prices for many months.

With snow drifts still covering the main sheep producing areas, there are also fears that many lambs will be still born or die from the cold soon after birth.

Plan to shift Ghana cocoa discussed

AGCRA — Ghana's Provisional National Defence Council called an emergency meeting yesterday to discuss the evacuation of cocoa from the hinterland to ports.

Senior government officials were told to attend together with members of the Cocoa Marketing Board.

Jamaican refinery strike contained

BY CANUTE JAMES IN KINGSTON

THE JAMAICAN Government has managed to prevent the spread of a strike which has threatened to close all the North American-owned bauxite mining and refining operations in the island.

Some workers at the island's largest refinery, owned by Kaiser Refractories and Alcanod, went on strike late last week, raising the prospect of the plant's closure.

Saudi aid for fertiliser plant

DACCA — The Saudi Fund for Development will provide Bangladesh with \$55m for a fertiliser plant in the southern port city of Chittagong.

The official Bangladesh news agency BSS said a fund delegation was to arrive here today for a three-day visit during which a formal agreement on the assistance will be signed.

Under 1977 and 1978 agreements between the two sides the fund pledged to provide Bangladesh with project assistance worth \$300m and the aid for the Chittagong Urea Plant will be a part of that assistance.

Cotton outlook remains dim

NEW YORK—A large surplus of supply over demand, high U.S. interest rates, a strong dollar and a sluggish world economy together took a sharp toll of U.S. cotton prices during 1981.

While 1982 may bring some relief from the steep decline of recent months, few market-watcher anticipate a sharp rebound from currently depressed price levels.

As a result, "any improvement in prices will have to come as a result of demand, and it will be sometime in the second quarter of 1982 before we see an upturn in demand," according to Dan Cox, an economist with the U.S. producer-funded Cotton Inc. research group.

In the absence of a crop disaster in producing countries, any resulting price increase will be gradual rather than sharp, Mr. Coxler adds.

Russians fight to protect crops

MOSCOW — Farmers in the Stavropol area, an important Russian winter grain area, are fighting to protect their crops against frost in the absence of snow cover.

When the first frosts arrived snow cover was insufficient to protect crops. Farmers were laying straw and other materials as protection, the agency said.

BRITISH COMMODITY MARKETS

BASE METALS

Table with columns for metal types (Copper, Tin, Zinc, Lead, Silver) and price changes (Official, Unofficial, etc.).

COPPER

Table with columns for copper grades (High Grade, Standard) and price changes.

AMALGAMATED METAL TRADING

Amalgamated Metal Trading reported that in the morning cash withers traded at \$247.00, three months at \$257.00, and six months at \$267.00.

LEAD

Table with columns for lead grades (High Grade, Standard) and price changes.

COCAOA

COCAOA—Daily prices for January 8 (U.S. cents per pound): Spot 100.50, 15-day average 123.76.

COFFEE

A mixed close in New York together with a strong opening, reports Drexel Burnham Lambert. Continued decline in sterling attracted dealer buying. Fresh inquiries from a steady 'C' market was restricted by profit-taking at the higher levels.

Table with columns for coffee grades (Arabica, Robusta) and price changes.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business): Jan 275, 277, 276; Feb 280, 282, 281; Mar 285, 287, 286.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business): Jan 497.5, 498.0, 498.0; Feb 504.0, 505.5, 505.0; Mar 512.5, 514.0, 513.0.

GAS OIL FUTURES

Prices fell sharply after the opening on the weakening of the physical price. A stronger New York opening pushed prices up briefly, reports Premier Man.

SILVER

SILVER—Futures fell 5¢ an ounce lower for spot delivery in the London bullion market yesterday at 423¢. U.S. cent equivalents of the fixing levels were: spot 800.50, three months 820.00, six months 835.00, and 12-month 848.00.

GRAINS

The market opened generally higher. Shipper and commercial selling on March and May wheat pushed the rest of the market back. Acl reports.

WHEAT

Table with columns for wheat grades (No. 1, No. 2) and price changes.

BARLEY

Table with columns for barley grades (No. 1, No. 2) and price changes.

SOYABEAN MEAL

The market opened with small gains in early trade, reports Y. C. Rodier. Prices continued to show firmness on commission house buying.

SUGAR

LONDON DAILY PRICE—Raw sugar (100 lbs) closed at 212.00. White sugar (100 lbs) closed at 167.00.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 376 tons. The market opened with renewed interest in Middle Eastern with limited support came in African quantities.

JUTE

JUTE—Feb 2nd/1st Dundee: BWC 2287, BMD 1278, 1278.50, 1279.00.

POTATOES

LONDON POTATO FUTURES—Heavy frosts over the weekend moved April up to 218.50 in early trade but profit-taking and fresh selling put the gains, reports Cole and Harper.

MEAT/VEGETABLES

MEAT/VEGETABLES—Prices per pound: Beef: Scotch tinned under 24.2, 24.0; 24.0; 24.0.

AMERICAN MARKETS

PRICE CHANGES

Table with columns for metals (Aluminum, Copper, Zinc, Lead, Silver) and price changes.

EUROPEAN MARKETS

ROTTERDAM, January 11: Wheat (U.S. \$ per tonne): U.S. No. 2 Hard Winter 125 per cent.

INDICES

Table with columns for financial indices (Dow Jones, S&P 500, etc.) and price changes.

MOODY'S

Table with columns for Moody's indices and price changes.

REUTERS

Table with columns for Reuters indices and price changes.

Advertisement for 'A NEW RANGE OF COMMODITY SERVICES ON THE REUTER MONITOR'. Includes text about exchange prices, prices contributed by market makers, and contact information for John Roberts in London.

Advertisement for 'COMMODITY SERVICES' featuring a grid of various commodity prices including metals, grains, oilseeds, cocoa, rubber, coffee, wool, and sugar. Includes contact information for John Roberts in London.

LONDON STOCK EXCHANGE

Companies and Markets

Bank issues feature markets on reports of Monopolies Commission rejection of Royal Bank of Scotland bids

Account Dealing Dates
Option
\*First Declara- Last Account Dealings
Dec 23 Jan 7 Jan 18 Jan 25

ceased until steady late on yesterday's early advices from New York. Display irregularity continued with Baccal and Thora EMI drifting lower awaiting interim statements, due tomorrow and Thursday respectively.

cheaper on balance at 115p. In-firmer on balance at 122p. Carless Capel revived with a rise of 5 to 162p. while NCC were also supported and put on a similar amount to 98p and Falmouth Petroleum were noteworthy for a gain of 10 to 70p.

FINANCIAL TIMES STOCK INDICES

Table with columns for Jan 11, Jan 8, Jan 7, Jan 5, Jan 4, and a year ago. Rows include Government Secs, Fixed Interest, Industrial Ord., Gold Mines, etc.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns for High, Low, and S.E. Activity. Rows include Govt. Secs, Fixed Int., Ind. Ord., Gold Mines.

Royal Bank weak

Press reports that the Monopolies Commission has vetoed the two £500m takeover bids for the Royal Bank of Scotland prompted a sharp mark-down in the latter which touched 135p before closing a net 49 down on balance at 143p.

Martin Ford up again

Interest in Stores was mainly confined to secondary issues. Martin Ford attracted renewed speculative demand and added 3 for a two-day gain of 5 1/2 at 24p.

Stanelco flat

Lunched on the Unlisted Securities Market at 83p last June, Stanelco provided a prominent dull feature in miscellaneous industrials yesterday, plummeting 17 to 38p on the chairman's forecast that the company will incur a loss for the first six months of the current year.

Golds under pressure

Mining markets put on another dismal performance following renewed weakness and uncertainty in precious and base-metal markets.

EQUITIES

Table of equity prices with columns for Issue Price, Last Price, and Stock names like Asset Special 10p, Balfour Beatty, etc.

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for Issue Price, Last Price, and Stock names like Calson Mat. Dev. Auto. 15p, etc.

"RIGHTS" OFFERS

Table of rights offers with columns for Issue Price, Last Price, and Stock names like Abwood Mach. 7p, etc.

Renunciation data usually last day for dealing free of stamp duty. Figures based on prospectus estimates. Dividend data based on prospectus or assumed dividend and yield after scrip issue.

ACTIVE STOCKS

Table of active stocks with columns for Stock, Closing price, Day's price change, etc.

FRIDAY'S ACTIVE STOCKS

Table of Friday's active stocks with columns for Stock, No. of shares, Price, etc.

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

Table of new highs and lows for 1981/2, categorized by sectors like BUILDINGS, CHEMICALS, etc.

RISES AND FALLS YESTERDAY

Table of rises and falls yesterday, categorized by sectors like British Funds, Rises, Falls, etc.

OPTIONS

Table of options with columns for First Deal, Last Deal, Last Declara, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Large table of equity groups and sub-sections with columns for Index No., Day's Change, etc.

FIXED INTEREST

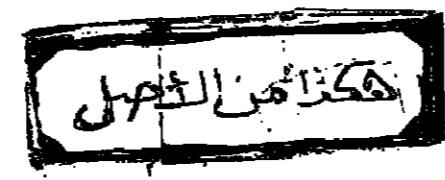
Table of fixed interest with columns for Price Indices, Day's Change, etc.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on January 11, 1982.

Large table of world value of the pound with columns for Place and Local Unit, Value of Sterling, etc.

\*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. 1 Rupee per pound. 2 General rates of oil and iron exports 78.25. \*\* Rate is the transfer market (contracted). † Now one official rate. (U) Unified rate. Applicable on all transactions except currency exchange.



AUTHORISED UNIT TRUSTS

Table listing various unit trusts under the 'AUTHORISED UNIT TRUSTS' section, including names like Abbey Unit Trust Managers Ltd, Abbey Fund Managers Ltd, and others, with columns for fund names and values.

FT UNIT TRUST INFORMATION SERVICE

Main table for FT Unit Trust Information Service, listing numerous unit trusts such as L & C Unit Trust Management Ltd, Legal & General (Unit Trst. Mgmts) Ltd, and many others, with columns for fund names and values.

Table listing various insurance and property bonds, including sections for 'INSURANCE' and 'PROPERTY BONDS', with columns for company names and values.

STOCKS

FERS

CES

NOTES: Prices are in pence unless otherwise indicated. Values in brackets are net values after all charges...

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

Willet is building A Trafalgar House Company

BRITISH FUNDS

“Shorts” (Lives up to Five Years)

Table of British Funds with columns for Name, Price, and Yield.

Five to Fifteen Years

Table of British Funds (Five to Fifteen Years) with columns for Name, Price, and Yield.

Over Fifteen Years

Table of British Funds (Over Fifteen Years) with columns for Name, Price, and Yield.

Undated

Table of British Funds (Undated) with columns for Name, Price, and Yield.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Table of International Bank and Overseas Government Sterling Issues.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Price, and Yield.

COMMONWEALTH AND AFRICAN LOANS

Table of Commonwealth and African Loans with columns for Name, Price, and Yield.

LOANS

Table of Loans with columns for Name, Price, and Yield.

Public Board and Financial

Table of Public Board and Financial entities with columns for Name, Price, and Yield.

Building Societies

Table of Building Societies with columns for Name, Price, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails with columns for Name, Price, and Yield.

AMERICANS

Table of American stocks with columns for Name, Price, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Name, Price, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Name, Price, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Name, Price, and Yield.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals and Plastics with columns for Name, Price, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Price, and Yield.

ELECTRICALS

Table of Electricals with columns for Name, Price, and Yield.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools with columns for Name, Price, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc. with columns for Name, Price, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Price, and Yield.

INDUSTRIALS (Misc.)

Table of Industrial (Miscellaneous) stocks with columns for Name, Price, and Yield.

FREEZONE SPEKE advertisement with logo and contact information for Liverpool Development Agency.

Table of Chemicals and Plastics with columns for Name, Price, and Yield.

Table of Food, Groceries, etc. with columns for Name, Price, and Yield.

INDUSTRIALS—Continued

Table of industrial stocks including companies like Anglo TV, Amalgamated, and various manufacturing firms with their respective prices and market movements.

LEISURE

Table of leisure-related stocks such as Anglo TV, Amalgamated, and other entertainment or service companies.

PROPERTY—Continued

Table of property-related stocks including real estate investment trusts and land development companies.

INVESTMENT TRUSTS—Cont.

Table of investment trusts offering various asset classes like equities, bonds, and international investments.

OIL AND GAS—Continued

Table of oil and gas stocks, including major energy companies and independent producers.

MOTORS, AIRCRAFT TRADES

Table of stocks in the motor and aircraft sectors, including manufacturers and related services.

SHIPPING

Table of shipping stocks, including major shipping lines and related logistics companies.

SHOES AND LEATHER

Table of stocks in the footwear and leather goods industry.

SOUTH AFRICANS

Table of stocks listed on the Johannesburg Stock Exchange.

TEXTILES

Table of stocks in the textile and clothing industry.

TOBACCO

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## Mitterrand and Schmidt to meet Romanian debt talks

BY JONATHAN CARR IN BONN

CHANCELLOR Helmut Schmidt of West Germany will meet President Francois Mitterrand in Paris tomorrow to co-ordinate policy on Poland following strong French media attacks on Bonn's attitude.

The surprise meeting was called at short notice because Herr Schmidt has grown increasingly concerned about the French Press's critical attitude towards Bonn.

In numerous recent French articles and commentaries, West Germany has been shown as drifting into neutralism and as having little real concern for the fate of the Polish people.

Part of this fierce Press reaction is seen by the Bonn government as having been inspired by members of the French socialist administration—though certainly not by the President himself.

It is hoped here that, by demonstrating co-ordinating Polish policy at the highest level, at least some of these sharp public attacks will be checked. It is felt that if they continue in their current form

they could weaken broader Franco-German relations.

The West German government believes, in any case, that Mitterrand's Polish policy is close to Herr Schmidt's—not least in its caution about imposing economic sanctions of the kind advocated by the U.S.

It is also maintained that the two leaders get on well together and that their mutual respect increased at a series of meetings last year, both bilaterally and at international gatherings.

It is also understood, however, that Herr Schmidt has not been in direct contact with Mitterrand since the eruption of the Polish crisis.

This is officially said to be because the Chancellor has been on holiday in Florida.

This lack of speedy top level contact contrasts sharply with the quick joint reaction after the Soviet invasion of Afghanistan, when M Valery Giscard d'Estaing was French President.

German officials also have

sharp words for M Claude Cheysson, the French Foreign Minister, whose performance during the Polish crisis is compared unfavourably here with the cautious approach of Lord Carrington the British Foreign Secretary.

Terry Dodsworth adds from Paris: The French President has taken a stronger line on Poland than the West German leader, clearly implicating the Soviet Union in the move, and advocating an end to the partition of Europe laid down by the Yalta agreement.

The French agree with West Germany, though, that economic sanctions against Russia are unlikely to be effective, and they support the idea of tying new economic aid to Poland to the restoration of pre-martial law freedom.

In an interview at the weekend, M Cheysson stressed that France could not enter further negotiations on the rescheduling of Poland's official debt while the country continued to suppress basic freedoms.

ROMANIA has opened formal discussions on its debt problems with international banks for the first time since evidence of the country's shortage of foreign exchange emerged late last summer.

Representatives of nine international banks are visiting Bucharest this week at the Romanian Government's request for talks on the country's economic and financial situation.

Romania owes around \$10bn (£3.5bn) to the West and concern over its ability to service this debt has been aggravated by Romania's refusal until now to discuss the situation. Bankers have complained that telex and telephone calls to Romania were being cut off in mid-stream.

As a result, the nine banks invited to attend the talks—Bank of America, Banque Nationale de Paris, Barclays, Creditanstalt - Bankverein,

Credit Lyonnais, Deutsche Bank, Manufacturers Hanover, Societe Generale and Union Bank of Switzerland—have gone to Bucharest with little idea of what to expect from today's discussions.

Some feel that the present situation of late payments on short- and medium-term debt may prompt the Romanians to ask for a formal debt rescheduling.

Others hope that such a development, which would further aggravate Eastern Europe's debt problems generally, can still be avoided.

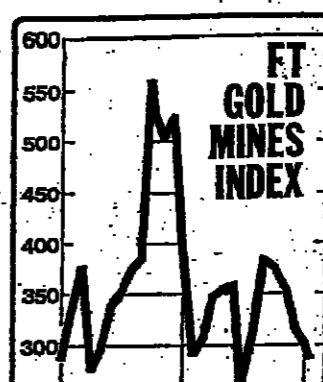
The meeting was planned some weeks ago but because of the sensitiveness of Eastern European debt in the wake of the Polish crisis, it has been kept confidential until now.

Few details of the discussions in Bucharest today are expected to emerge before the end of the week.

## THE LEX COLUMN

# Unbundling Ma Bell

Index fell 0.8 to 530.6



The landmark settlement of the AT and T anti-trust suit had Wall Street in a frenzy yesterday. AT and T is not only by far the most widely held stock in the U.S., with over 5m shareholders, but also has \$50bn of debt outstanding in the capital markets.

The settlement will transform Ma Bell from the safest of income stocks into a high technology company in the forefront of data processing, long distance telecommunications and information systems. AT and T will gain its new freedom in exchange for spinning off 22 regional subsidiaries, which generally make a meagre return on their very considerable assets.

## Company profits

A collection of statistics released yesterday confirm the substantial rise in company profits since the summer. Gross trading profits of the non-North Sea sector are up from £3.2bn in the second quarter to £4.3bn in the third, and the wholesale price figures point to a further restoration of operating margins, with manufacturers' prices moving up 3 per cent in December while raw materials were unchanged in price.

grappling with falling real GDPs, declining oil revenues and real disposable incomes, the background for reawakening such interest is hardly encouraging.

The personal sector accounts, meanwhile, show that the savings ratio was not as low in the second quarter of 1981 as had initially been calculated, and in the third quarter there was actually a rise. So there may, after all, be room for some further reduction in savings to maintain consumer spending in the face of a squeeze on real incomes.

## Magnet & Southern

With volumes remaining under heavy pressure, Magnet and Southern has nevertheless been able to hold on to its trading margins, so pre-tax profits in the first half, to September, have fallen by a modest enough 11 per cent to £10.6m. Volume in the timber trading arm—Southern's brass—has fallen by about 13 per cent, but prices in the industry bottomed in about May and the subsequent slight recovery has meant that the decline in pre-tax profits here has been held to 10 per cent.

On the more important manufacturing side, some small price rises through the summer and improved efficiencies have meant that pre-tax profits are down by a tenth, in line with volume. With the withdrawal of a competitor in windows in recent months, there should be a pick-up in the current half. Meanwhile, there is a strong likelihood that another rival manufacturer is about to start operations. So, given a degree of pick-up in demand in 1982, operational gearing should allow the strong recovery in profits that the demanding rating of the company implies. The shares were unchanged yesterday at 132p, where the yield is 5 1/2 per cent.

## Gold bullion

Traders in the gold bullion market are holding their breath after the price slipped below the previous low of \$390 set last August. In recent months central banks have tended to come in with buying orders whenever the price slipped much below \$400, but in London yesterday the price touched \$386 at one stage and was \$389 at the close, suggesting that the metal could be moving down into a new trading range.

In recent weeks a price of around \$400 has been enough to attract quite vigorous demand for coins and small bars—particularly from the Far East—while the jewellery industry also seems to have been replenishing its stocks. But demand has failed to respond to political developments—for instance, in Poland—in the way that could have been expected. With plentiful fresh supply anticipated, the market may be feeling its way down to the price levels which would re-attract speculative interest.

But since many countries are

## MacGregor warns of jobs threat from U.S.

By Alan Pike in London and John Wyles in Brussels

BRITISH Steel Corporation has been forced to review its entire future strategy, raising the prospect of still more closures and job losses, because of anti-dumping actions by U.S. steel producers against European companies.

As the first petitions against European steelmakers were filed yesterday Mr Ian MacGregor, BSC chairman, said the action cast a "very deep shadow" over the corporation's ambitions for the coming year.

BSC executives will examine the corporation's entire capacity configuration over the next few weeks to see whether it can be defended in view of the likely closure of the U.S. market.

The corporation sold between 300,000 and 400,000 tonnes of products to America last year and was budgeting on an increase to 400,000-500,000 tonnes this year.

Whatever the eventual outcome of the American law suits, much of this business is likely to be lost to the corporation in the short term. This puts at risk both the financial calculations on which BSC was expected to break even in the coming year, and maintenance of existing levels of employment in its plants.

The American problem coincides with another severe problem for BSC caused by the effects of the snow at its Welsh and Scottish plants. This has not only disrupted production but has caused damage which could eventually leave BSC with a bill for between £50m and £100m.

In the U.S., National Steel yesterday produced details of the first in what is expected to be a series of legal petitions.

This seeks relief from "unfairly subsidised" steel products including carbon sheet, galvanised sheet, carbon plate, alloy bars and structural steel from Britain, France, Belgium, West Germany, Luxembourg, the Netherlands, Italy, Brazil, Spain and South Africa. It also accuses Romania of breaching the U.S. anti-dumping laws.

Mr Howard Love, chairman of National Steel, spoke of a continued high level of subsidised imports from the EEC in spite of warnings. He added: "We have been forced to file our own suit under the trade laws because other actions have not stopped the flood of illegal foreign steel coming into this country."

Representatives of leading European steel producers had hoped to meet Viscount Etienne Davignon, the EEC Industry Commissioner, in Brussels yesterday in advance of a ministerial meeting tomorrow, but were prevented from doing so by bad weather.

U.S. checks off safety valve, Page 2

## COLD COMFORT FROM DECEMBER RISE OF 0.4% Wholesale price rises slow

BY ROBIN PAULEY

LAST MONTH'S increase in wholesale prices was the lowest since the summer, bringing moderate encouragement for the Government that the rise in inflation is slowing.

But the year-on-year rise of 11.25 per cent is still far above the level needed if the Government is to achieve its aim of bringing retail price inflation back into single figures.

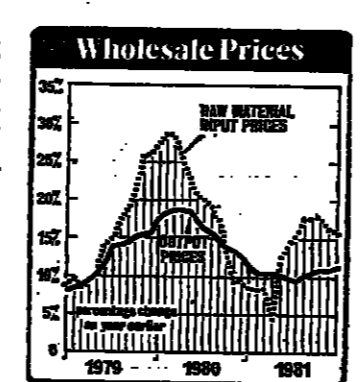
Official figures from the Department of Industry yesterday show that the small increase in factory gate prices was matched by hopeful news about the prices industry pays for fuel and raw materials. These remained unchanged overall in December. Higher domestic costs, particularly for electricity, were offset by small reductions in the prices of a range of imported commodities.

Yesterday's figures show that the cost of manufactured prod-

ucts sold in the UK last month rose by 0.4 per cent over November. This was the smallest rise since July and resulted in the index for output prices rising to 230.0 (1975=100). The year-on-year increase of 11.25 per cent compared with 11.1 per cent in November and 11 per cent in October.

Although the annual rate continues to rise the rate of increase has slowed markedly in the last six months. Much now depends on whether sterling can be kept firm and interest rates prevented from rising.

The price of raw materials and fuel purchased by industry remained unchanged in December after a 0.6 per cent fall in November, caused by an improvement of sterling against the dollar. The fall in November followed several



months of sharp increases.

The input price index stayed at 236.5 (1975=100) but the year-on-year increase fell to 15.5 per cent in December, compared with 16.4 per cent in November and 18.3 per cent in October.

November and December showed the first year-on-year

slowdown since last February, when the annual rate of increase over 1980 was just over 8 per cent.

During the past six months, manufacturers' output prices rose by only 4 per cent which represents an annual rate of under 9 per cent. More than a quarter of December's rise over November was due to higher food prices.

The Government is hoping that if the trends can be maintained the objective of single-figure retail price inflation may not be as far away as some pessimists feel. Any optimism is likely to be tempered when the latest retail price figures appear later this week. These are expected to show little prospect in the near future of an annual inflation rate under 12 per cent.

Living standards rise, Page 8

## Royal Bank of Scotland hit

BY WILLIAM HALL, BANKING CORRESPONDENT

OVER £100m was knocked off the stock market value of the Royal Bank of Scotland group yesterday on the reports that the Monopolies and Mergers Commission (MMC) had turned down both of the bids, by Standard Chartered Bank and Hongkong and Shanghai Banking Corporation, for Scotland's premier bank.

The shares of the Royal Bank of Scotland fell by a quarter from 192p to 143p yesterday, having touched 136p at one stage. Before the initial bid was announced by Standard Chartered Bank last March, Royal Bank of Scotland's shares had been as low as 87p.

Since then they have risen to a peak of 202p as speculation mounted that the bids for the bank would be allowed to proceed. The Secretary of State for Trade has to power to stop a merger if the MMC recommends that it should be allowed. But a negative decision can be over-ruled. It seems likely that the MMC's recommendations will

be discussed by ministers this week.

Shares of most leading British banks also fell sharply yesterday. Bank of Scotland, which has been buoyed up by the hope that bids for Scottish banks would be allowed to proceed, fell by 40p to 475p. The feeling was that a negative decision on the Royal Bank bid would prevent bids being mounted for other UK clearing banks.

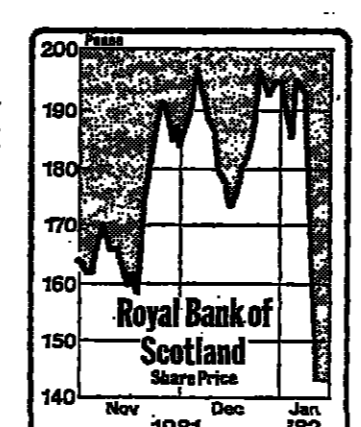
The MMC's investigation into the bids for the Royal Bank of Scotland raises highly complex issues involving the Bank of England's powers to control banking take-overs and regional questions about the drift of decision-making away from Scotland.

Several Government departments hold widely differing views about the bids.

It had been thought that the MMC's findings might be released next week when Parliament reassembles but there have been suggestions that the release might be brought forward to this week. The Royal Bank of Scotland holds its annual general meeting in Edinburgh on Thursday.

Sir Michael Herries, the chairman, and his directors are likely to face a hostile reception. Many Scots have bought small shareholdings in the bank.

A poser for the Cabinet, Page 17



## Weather

UK TODAY

COLD and dry with sunny periods and fog patches. Some snow in the North and on the North-West coast.

London, E. Anglia, Midlands, S. Wales.

Dry, sunny periods, fog. Max. temp. 2C (36F).

S.E., Central, S. and S.W. England, Channel

Dry, bright some snow clearing in the Channel. Moderate winds. Max. temp. 4C (39F).

Lake District, Isle of Man, West Scotland, N. Ireland

Very cold, but dry and sunny with freezing fog. Light winds. Max. 1C (34F).

Aberdeen, Moray Firth, Orkney, Shetland

Scattered snow, sunny periods, freezing fog. Max. 1C (34F).

Outlook: Cold in the South-East but elsewhere less cold from the North-West. Mostly dry with fog.

## Rush to buy AT&T and IBM halts trading

BY DAVID LASCELLES IN NEW YORK

A RUSH of buy orders for IBM and AT & T by the two U.S. companies whose long-running anti-trust cases were ended on Friday—halted trading in both stocks for several hours on Wall Street yesterday.

When trading resumed, both gained in price even though the stock market as a whole was then down quite sharply as investors showed their enthusiasm for the way both companies had emerged from the anti-trust gauntlet. Under its settlement, AT&T has to divest itself of its interests in 22 local telephone companies but will be able to offer data transmission and other high technology services.

After a three-hour delay, AT&T opened with a trade in a single block of 1.3m shares at \$60.62, up \$1.75. IBM opened on more than 700,000 shares at \$53.62, also up \$1.75.

Although these price gains look modest, their impact on investment portfolios is considerable. AT&T is by far the most widely held stock in the U.S. with more than 3m shareholders. IBM is the most heavily capitalised industrial stock on the New York Stock Exchange, with a market value yesterday of about \$35bn.

AT&T, the largest utility, is capitalised at \$46bn.

## Rush to buy AT&T and IBM halts trading

Continued from Page 1

ACC

the subsidiary company which held the house and that this is, prime facie a breach of the Companies Act. It also alleges that the circular to shareholders was misleading in several important ways.

A big upheaval in the control of Central Television, which has taken over the old ATV franchise in the Midlands and in which Associated holds 51 per cent, may be on the way. Under the 1981 Broadcasting Act, programme contracts may not be controlled by an individual not ordinarily resident in the UK or the EEC or by a company not registered in the UK or EEC.

Mr Halmes a Court as an Australian would be disqualified from taking over effective control of the franchise and it is expected that Associated's stake in Central will be reduced to under 50 per cent.

## Continued from Page 1 Gold

slipped to \$1.0 from Friday's \$1.3.

The dollar also climbed to DM 2.2830 from DM 2.2585, and to Sw Fr 1.8535 from Sw Fr 1.8265.

The latest rise in U.S. interest rates partly reflects the smaller than expected fall in the American money supply published on Friday. This has led to concern that the sharp easing in U.S. credit costs has now ended.

The fall in gold—down \$11.5 from London's Friday close to \$389—took the metal's price to the lowest since November 1979. Then it was on its way up to the short-lived peak of \$590 per ounce in January 1980.

Dealers said yesterday that investors were deserting bullion because high dollar interest rates were making prohibitive the cost of holding a non-yielding metal. Signs that U.S. inflation would stay in single figures as the American recession took hold are also dampening demand.

Neither South Africa nor the Soviet Union—the two main producers which increased bullion sales last year—have so far sold more than negligible quantities of gold in 1982, dealers report. South Africa, in particular, has appeared most reluctant to sell at less than \$400 an ounce.

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